Daily Report

East Europe

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FBIS-EEU-95-189 *29 September 1995*

CONTENTS

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ALBANIA

U.S. Reportedly Lost No 'Predators' in Bosnia *[KOHA JONE 27 Sep]* 1
Albanians in Presevo Press Claim for Autonomy *[RILINDJA 25 Sep]* 1
Serreqi-Papoulias New York Talks 'Positive' *[Tirana TV]* 2
Democratic Party Accused of Having Spies *[KOHA JONE 26 Sep]* 2
Prisons Prepare for Genocidists Following New Law *[KOHA JONE 27 Sep]* 2

BULGARIA

Kozloduy Reactor Tests Continue; IAEA Invited *[Sofia Radio]* 4
Prime Minister Opens International Technical Fair *[DUMA 26 Sep]* 4

CZECH REPUBLIC

Havel on Possible Deployment of Nuclear Weapons *[Prague Radio]* 5
Airmen Take NATO Familiarization Course *[LIDOVE NOVINY 26 Jul]* 5
Army Conditions, NATO Accession Discussed *[CESKY TYDENIK 6, 10, 13 Jul]* 5
Committee Chairman Against Upgrading MiG's *[LIDOVE NOVINY 27 Jul]* 13
Improvement in Relations With Poland Noted *[TYDEN 21 Aug]* 14
Klaus, Cabinet Members Disclose Income, Gifts *[PRAGUE POST 25 Jul]* 14
Greens Chairman To Resign, Join CSSD *[PRAVO 18 Sep]* 15
No Turns in Economy Predicted Until Elections *[ZEMEDELSKE NOVINY 24 Aug]* 15
Extent of Money Laundering, Proposed Law Viewed *[RUDE PRAVO 15 Jul]* 16

SLOVAKIA

Meciar's 7 Sep Address to HZDS Supporters *[SLOVENSKA REPUBLIKA 16 Sep]* 18
Bohunice Power Station Management Describes Future *[Bratislava Radio]* 20

HUNGARY

Official Views Conditions of Minority in Romania *[MAGYAR NEMZET 28 Sep]* 21
Horn Gives Up Plans for Government Reshuffle *[Budapest TV]* 21

BOSNIA-HERZEGOVINA

Silajdzic: Sarajevo 'Most Difficult' Issue in Talks *[Sarajevo Radio]* 23
SDA Presents Perspectives on Various Matters 23
Discusses Peace, Federation *[Sarajevo Radio]* 23
Confirms Commitment to Borders *[Sarajevo Radio]* 23
Views Mostar Problem *[Sarajevo Radio]* 24
SDP Highlights State Sovereignty, Independence *[Sarajevo Radio]* 24
'Deserter': Yugoslav Military, Police Aid Serbs *[Mostar Radio]* 24
Increase of Croat-Bosniak Skirmishes Feared *[AFP]* 25
HDZ's Kordic Protests on County Practice *[Mostar Radio]* 26
MBO Dissatisfied With Assembly Sessions *[Sarajevo Radio]* 26
'Ethnic Cleansing' of Civilians 'Succeeding' *[AFP]* 26

UN Urges Sides To Deal With Rights Issues *[AFP]* 27
Developments in Plight of Refugees Viewed 28
Gracanica Serbs Desire Return *[Sarajevo Radio]* 28
Russian Refugee Aid Arrives *[Belgrade Radio]* 28
Croatia Denies Bosniak Entry *[Sarajevo Radio]* 28
'Persecution of Bosniaks' *[Sarajevo Radio]* 29
'Using Force' To Enter Serbia *[Sarajevo Radio]* 29
Prijedor Refugee Numbers Seen *[SRNA]* 29
War Crimes Tribunal To Investigate Mass Graves *[AFP]* 29
Authorities Disallow Inspection *[AFP]* 30
ICRC Appeal Over Missing Srebrenica, Zepa Men *[Sarajevo Radio]* 30
New War Crimes Charges Against Serb Tadic *[AFP]* 31
Karadzic, Pale Officials on New York Agreement *[Banja Luka Radio]* 31
Ruling Party's Ostojic on New York Agreement *[SRNA]* 32
Mladic Arrests Officers Collaborating With FRY *[Sarajevo Radio]* 32
Serb Army Source Says 'Dirty Game' Going On *[TELEGRAF 27 Sep]* 32
Arkan's Volunteers Restore Order, Shoot Deserters *[GLAS SRPSKI 22 Sep]* 33
Serb Official Warns of 'Enemy Propaganda' *[Banja Luka Radio]* 34

CROATIA

Granic Meets Iranian, Bosnian Counterparts *[Zagreb Radio]* 35
Granic: Relations With Greece on 'Upward Trend' *[Zagreb Radio]* 35
Considerations in Choice of New Prime Minister *[SLOBODNA DALMACIJA 27 Sep]* 35
Coming Parliamentary Elections Discussed *[GLOBUS 1 Sep]* 36
HDZ Trying To Demolish HSLS in Key Towns *[NOVI LIST 11 Sep]* 39
Rijeka Mayor Attacks HSLS Transfers to HDZ *[FERAL TRIBUNE 11 Sep]* 41
Opposition's Only Chance Seen Joining Forces *[NOVI LIST 23 Sep]* 43
Legislation on Serb Property Transfers Attacked *[FERAL TRIBUNE 11 Sep]* 45

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Council of Europe Approves Country's Membership *[MIC]* 48
Provisions of Draft Law on Higher Education *[NOVA MAKEDONIJA 16 Aug]* 48

POLAND

Deputy Minister on NATO Document, Shalikashvili *[GAZETA WYBORCZA 28 Sep]* 50
Walesa Explains Veto of Pensions Indexation Law *[Warsaw TV]* 50
Prime Minister Critical *[GAZETA WYBORCZA 29 Sep]* 51
Poll on Jewish Origin of Presidential Candidates *[RZECZPOSPOLITA 27 Sep]* 52
Solidarity Strategy for Presidential Campaign *[TYGODNIK MALOPOLSKA 15 Jun]* 53
Tension in Governing Coalition Observed *[TYGODNIK SOLIDARNOSC 30 Jun]* 55
Defense Deputy's Intelligence Connections Revealed *[GAZETA POLSKA 22 Jun]* 55
Law on Privatization, Commercialization Criticized *[TYGODNIK SOLIDARNOSC 30 Jun]* 57
Trade Union Opinion *[TYGODNIK SOLIDARNOSC 23 Jun]* 58
Pros, Cons in Bank Privatization Report *[NOWA EUROPA 22 Jun]* 60

3-Stage Privatization Recommended *[NOWA EUROPA 22 Jun]* 63

ROMANIA

Second Stage of Privatization To Begin on 1 Oct *[VOCEA ROMANIEI 22 Sep]* 64

SLOVENIA

Importance of Russian Finance Minister's Visit *[Ljubljana Radio]* 65

YUGOSLAVIA

Federal

Government Supports New York Peace Agreement *[Belgrade Radio]* 66
Djukanovic, JUL Openly Exchange Accusations *[NASA BORBA 23-25 Sep]* 66
Perisic, Russia's Zhurbenko Foresee Cooperation *[Belgrade Radio]* 67
Army Wants Peace; Ready To Defend Country *[TANJUG]* 67
Army General Observes Exercises in Montenegro *[Belgrade Radio]* 68
Division of SFRY Financial Assets Finalized *[EKONOMSKA POLITIKA 11 Sep]* 68
Economists Divided Over Dinar Devaluation *[EKONOMSKA POLITIKA 11 Sep]* 69

Serbia

Deputy Prime Minister Joins New Democracy Party *[Belgrade Radio]* 70
Parties Support New York Accord on Bosnia *[TANJUG]* 70
Opposition Leaders Criticize New York Accord *[AFP]* 71
Opposition Issues Declaration of National Interest *[TANJUG]* 71
Pesic: SPS, JUL 'Think the People Are Fools' *[NASA BORBA 28 Sep]* 72
Sandzak SDA: Situation 'Deteriorating Daily' *[Sarajevo Radio]* 72

Kosovo

Rugova Welcomes Peace Agreement on Bosnia *[SRNA]* 72
Rugova on Serb 'Efforts To Colonize' Republic *[KOSOVA DAILY REPORT]* 73

U.S. Reportedly Lost No 'Predators' in Bosnia

AU2809192895 Tirana KOHA JONE in Albanian 27 Sep 95 p 1

[Report by A. RR.: "The United States Has Lost No Predators in Bosnia"]

[FBIS Translated Text] The United States might not have been sincere concerning the news about the disappearance of spy planes over Bosnian airspace. Reliable sources in Gjadri airport confirm the presence of the "predators" in hangars built by the American teams for these expensive planes. They are there, the source confirms, the four that started the operation in July. Only one of them is a little damaged.

In July the United States brought to the airport four of the 10 predators, which were built at a high cost, to receive information on the fighting Bosnia. A short time ago the Pentagon announced that two of the predators disappeared in Bosnia, one shot down by the Serbs and the second, damaged, commanded to autodestruction. Later the news spread that another predator disappeared. The Pentagon information was conditioned by several factors, first, the American interest in inciting military pride and, second, to justify before NATO allies the monopoly of information. A few weeks before the beginning of the operation, the French daily LE MONDE expressed its concern over the use of information on the part of the United States only for itself, avoiding allies, such as France, that have thousands of soldiers in Bosnia in UNPROFOR uniforms. Initially the operation by the predators was thought to last for 60 days, but, though time has run out, they are still continuing their mission. Members of the American team who were installed in Gjadri airport before the arrival of the spy planes, are seen in Lezha and its entertainment spots. Clearly distinguishable in their uniforms, the Americans appear to be pleased with their mission.

Albanians in Presevo Press Claim for Autonomy

AU2809135095 Tirana RILINDJA in Albanian 25 Sep 95 p 3

[Article by M. Mehmeti: "Realizing Genuine Autonomy—Everybody's Aim"]

[FBIS Translated Excerpt] Presevo, 24 September—A news conference was organized yesterday at the premises of the Presevo Albanian Democratic Party, at which, besides journalists, almost the entire presidium of this party was present. Chairman Zeqirja Fazliu started by explaining the reasons for the news conference, saying that, despite the serious efforts by the international community and NATO in the northwest of the former Yugoslavia, the situation in Presevo, Bujanovac, Medvedje, and in the Albanian area as a whole does not seem to have made any progress. Despite the fact that, according to our data, there have been no new arrivals of Serbian colonists to our districts, apart from those who came a few weeks ago, we are concerned at reports of the continuing transfer of colonists to Kosovo, and it is clear to people here that any failure to halt this ugly project could further exacerbate the situation.

Either Autonomy or Union With Kosovo

We are continuing efforts to realize the territorial and political autonomy of eastern Kosovo, but we observe with regret that so far none of the relevant political forces in Serbia have shown any understanding, which means that the option of the union of Presevo, Bujanovac, and Medvedje with the Republic of Kosovo is being increasingly heard. Of course, Mr. Fazliu said, this does not mean that the alternative of autonomy has been totally abandoned; efforts in this direction are continuing, and we hope that the state authorities will change their present practice of rejecting every initiative that comes from our side.

Mr. Fazliu went on in his speech to welcome the visit by the president of the Republic of Albania to the United States. We consider it to have been very valuable, he said. Meanwhile, as part of the cooperation among Albanian political and state bodies, our deputy Tahir Dalipi recently visited Albania and met Pjeter Arbnori, chairman of the People's Assembly of the Republic of Albania, and representatives of five political parties in Albania. At these meetings, we informed our hosts about the problems of the population in our area and the efforts of the Presevo Albanian Democratic Party to solve them.

Mr. Tahir Dalipi, deputy in the Serbian parliament, said that during his visit to Albania he met with total understanding from everybody, and readiness was expressed to support our aims.

Democratic Action Party's Document for Autonomy—Unacceptable to the Presevo Albanian Democratic Party

As for the document for the political and territorial autonomy of the Albanians of Presevo, Bujanovac, and Medvedje, approved at the recent extraordinary assembly of the Democratic Action Party and published in the most recent issue of ZERI, Zeqirja Fazliu said that it was unexpected for us as a sister party. When I say this, I am bearing in mind the fact that our two parties have agreements and a form of coalition for making common efforts to find the best ways of making a reality of the results of the referendum, under which our local population came out in favor of political and territorial

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autonomy for the Albanians of Presevo, Bujanovac, and Medvedje, with the right of union with Kosovo.

I particularly stress that the Interparty Coordinating Council is a result of this agreement; we created this in order to examine the most important and sensitive problems, which include the issue in question.

The commitment to autonomy and the document, published without any proper interparty examination, suggest that the situation has not been properly considered. Such a step by the Democratic Action Party makes us think that this party has misused this unratified document with the aim of boosting its political ratings and providing an unrealistic picture of the party's efforts. The only thing that cheers us in this step, Mr. Fazliu concluded, is that, regardless of all these lapses, our sister party and its presidium have publicly stated that they will commit themselves further to realizing our great idea. [passage omitted]

Serreqi-Papoulias New York Talks 'Positive'

AU2909094195 Tirana TVSH Television Network in Albanian 1900 GMT 28 Sep 95

[Telephone report by Sulejman Gashi from New York]

[FBIS Translated Excerpt] Albanian Foreign Minister Alfred Serreqi, who is attending the proceedings of the 50th session of the UN General Assembly, held a meeting with his Greek counterpart, Karolos Papoulias, with whom he discussed issues of minority education in Albania. [passage omitted]

The Greek side assessed the talks as positive. Through a press spokesman at the Greek mission to the United States, Greek Foreign Minister Papoulias stressed that there exists an expression of good will to further advance the Greek-Albanian relations and, in this context, the question of the education of the Greek minority in Albania remains an important issue.

Although the question of seasonal workers in Greece was discussed, the question of education was a key topic of the talks, the spokesman stated, citing Papoulias's statement.

The Greek mission gave no other details about the meeting. However, it warned that a commission of three members will be set up by each side to examine the contesting issues.

Albanian Foreign Minister Serreqi today is to meet the foreign ministers of Great Britain, Mexico, Iraq, and Bosnia.

Democratic Party Accused of Having Spies

AU2809084395 Tirana KOHA JONE in Albanian 26 Sep 95 p 3

[Unattributed commentary: "Who Are the Spies?"]

[FBIS Translated Text] Who are the spies? In his discussion on the antigenocide bill, Gramoz Ruci [Socialist Party deputy] publicly accused the Democratic Party of having spies in the legislature. Moreover, he said that two people who hold high government posts have been recruited by foreign intelligence services. The 12 people in these pictures [Berisha, Shehi, Serreqi, Shehu, Arbnori, Cela, Hajdari, Spahia, Gjana, Zhulali, Dosti, and Meksi] hold the most important posts of state power. None of them responded publicly to Gramoz Ruci, and the Albanians can think of any one of them. As no one said to Gramoz Ruci: "We do not have spies in our party," the accusation hangs on them. These people and others in the Democratic Party must identify the spies among them, or they have to expose Gramoz Ruci. Espionage for foreigners is punishable throughout the world. If Gramoz Ruci is not exposed, then anyone who is unstained can become stained. The Albanians have the right to bet on cherries, furs, or even woodpeckers [pseudonyms of Sigurimi spies] who move about in the parliament.

Prisons Prepare for Genocidists Following New Law

AU2909093795 Tirana KOHA JONE in Albanian 27 Sep 95 p 2

[Article by A. Teli: "Prisons Ready for the Genocidists"]

[FBIS Translated Text] Four days after the approval of the antigenocide law by the legislature, the legal entities have started preparations for its immediate application. The way the law has been written warns of stormy weather. Following approval of the law, and even a short time before it, in Unit 313 in the capital or in the Tirana prison, preparations have already started to receive the new "inhabitants." The General Prosecutor's Office has assigned the first working groups that will take action as soon as the law is ratified.

This is the most prejudiced law ever adopted by the Albanian legislature. It is different from the other laws passed so far, because its application has been worked out prior to the articles that indicate the content of the law. The law has only four articles. In the first two it urges the "offices of the prosecutor to start the investigation of this activity with priority." Without clarifying what kind of activity it is about, the law that appears to have been passed only to sentenced people continues: "The authors of the activities foreseen in Article 1 of this law (nothing is said about it) will be

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interrogated and judged according to the present penal code." It is astounding how they have been able to reach such an important conclusion.

It is only after these instructions that in the other two articles the law is presented followed by what category of people suffer from it. Article 4 reads, "The Council of Ministers is charged with the preparation of the legal provisions for the application of this law." It takes only this to understand the true aim of this law. As an answer to the immediate application of this "antigenocide law," according to internal sources in Tirana prison, preparations have already started there to receive other new "inhabitants." According to the same sources some cells, so-called special cells because of the "guests" they have had so far and the security measues applied, are already prepared. It is about rooms with bugging apparatuses in which F. Nano, former President R. Alia, and other prisoners of equal importance were isolated. According to sources from the Prosecutor's Office work has already started to set up working groups which will apply the most important law for the future of the party in power. According to them, as soon as the law is decreed, things will go on faster than before so that from the case's investigation to the imprisonment it will not take more than one month. Perhaps this is the reason why there were so many changes in the judicial system in the capital in the last two months. It is understandable that new battles ask for new and fresh soldiers.

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Kozloduy Reactor Tests Continue; IAEA Invited

AU2809182895 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 28 Sep 95

[FBIS Translated Text] The testing of the systems of the Kozloduy nuclear plant's first reactor is continuing. The reactor is being prepared for a test start. The information, on the basis of which a decision will be adopted whether to restart the reactor, will be ready by Monday [2 October] at the latest, Deputy Prime Minister Kiril Tsochev said to EU Ambassador to Bulgaria Thomas O'Sullivan during a meeting they had today.

The meeting dealt with the situation at the Kozloduy nuclear power plant's first reactor, an issue which evoked the concern of the G-7 countries.

The International Atomic Energy Agency [IAEA] is also being informed about the situation. IAEA experts have been invited to visit Kozloduy to get acquainted with the situation there and with the reliability of the first reactor. The invitation has been accepted. Nevertheless, as Mr. Kiril Tsochev stressed, the Bulgarian Committee on Peaceful Use of Atomic Energy is the organ which will have the final say on whether the first reactor will be restarted.

Prime Minister Opens International Technical Fair

AU2909140095 Sofia DUMA in Bulgarian 26 Sep 95 p 1

[Report by Diana Varnikova and Stefan Severin in Plovdiv]

[FBIS Translated Text] Bulgaria will use its own resources to complete part of the technological reequipment of the main infrastructures, Prime Minister Zhan Videnov told DUMA after touring the exhibits at the 51st International Technical Fair in Plovdiv. Before this, he opened the fair at a ceremony attended by diplomats, Bulgarian and foreign businessmen, National Assembly deputies, and ministers.

Videnov thanked the representatives of 1,500 Bulgarian and foreign companies and wished success to the Bulgarian exhibitors, assuring them that their work will be assessed at its due worth.

The fair is an important indicator of the growing business activity in the main branches of industry and provides evidence of the Bulgarian firms' desire to manufacture competitive products for export, Kiril Tsochev, deputy prime minister and minister of trade and foreign economic cooperation, pointed out in his speech. He noted that companies from all the member countries of the European Union [EU] are taking part in the fair, making up two-thirds of the foreign firms represented. He drew attention to the fact that Germany, Austria, Italy, and France were strongly represented. Bulgaria is a full-fledged partner of the EU countries, Tsochev pointed out, describing the EU as a challenge with unlimited opportunities.

I have very good impressions of the exhibition, and especially of the Bulgarian participation in the fields of heavy engineering, the energy sector, telecommunications, and automation, Prime Minister Videnov told a DUMA reporter. In his view, this shows a phenomenal advance.

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Havel on Possible Deployment of Nuclear Weapons

LD2809170995 Prague Radiozurnal Radio Network in Czech 1500 GMT 28 Sep 95

[FBIS Translated Text] Czech President Vaclav Havel is on a working visit to northern Moravia today. In Krnov he commented on, among other things, the possible deployment of nuclear weapons on our territory, as envisioned by the latest report by NATO.

[Begin Havel recording] NATO membership implies certain commitments and obligations, and, if a situation were to arise when such weapons were to be placed here for strategic reasons and we were members of the alliance, we would naturally have to take on this commitment. However, I can in no way imagine such a situation. We live in an age of intercontinental missiles, and I do not know why something built 200 kilometers away that had a range of 1,200 km should be moved over here and the investment here be made. I do not understand the sense of it. However, in political terms I believe that being a member of NATO means not only wanting a security umbrella but also accepting certain obligations. [end recording]

Airmen Take NATO Familiarization Course

95CH0325A Prague LIDOVE NOVINY in Czech 26 Jul 95 p 20

[Article by Jan Gazdik: "Czech Airmen in American Fighter Planes"]

[FBIS Translated Text] *Yesterday, for the first time, airmen of the Czech Army "laid hands on" the supermachines of NATO country air forces, the U.S. F-15 and F-16 fighters, which arrived from the U.S. Air Force base at Spangdahl, Germany.*

However, only about 20 fortunate individuals from the bases at Pardubice and Namesti nad Oslavou were able to attend the special two-day course for technical ground personnel. The Czech technician who was unable to attend the course because it was already oversubscribed said: "I envy the boys for being able to inspect even the 'guts' of these key machines." Despite the fact that the American experts were willingly familiarizing their Czech colleagues with the secrets of servicing these aircraft, they trained them only in those aspects necessary for receiving, checking out, and dispatching fighter aircraft—for example, topping up fuel, lubricants, or other fluids. If anyone wanted to inspect the cockpit, they were not opposed, but they emphatically protested if someone intended to photograph the navigation systems.

According to the chief of the Pardubice base, Major Leos Liska, the Americans themselves had requested that Czech personnel be trained so that their aircraft could, in overflying the territory of the Czech Republic—should they find themselves in trouble—land at Czech military airfields. The major did not comment on the assumption as to whether such an emergency could occur in the event American flyers, deployed in Germany, would be overflying Czech territory on their way to the Balkans. Liska also refused to connect the sojourn of the Americans with NATO utilization of Czech Army Air Force bases. "In such cases, the aircraft are always accompanied by an extensive technical hinterland," the major said, and felt that NATO was using this method to sound out the Czech Army. The training sessions will be repeated and it is expected that Czech technicians will be dispatched to American bases. The head of the Czech military Air Force, General Pavel Strubl, considers these contacts to be a considerable motivational impetus for Czech airmen, who are experiencing one of the most complicated periods of the transformation today.

Army Conditions, NATO Accession Discussed

95CH0316A Prague CESKY TYDENIK in Czech 6, 10, 13 Jul 95

[Article in three installments by Vaclav Zaspal: "On the Deplorable State of the Czech Army"]

[6 Jul p 9]

[FBIS Translated Text] *As a result of the disintegration of the bipolar arrangement of the world, the traditional danger of cold war is replaced by new and more numerous risks. Following the triumphal fall of 1989, only some people understood that the end of communism does not mean a golden age of harmonious and unselfish cooperation between nations. The era of supremacy by the two superpowers belongs to the past, but conflicts, expansions, dependency, dominance, and vassalism have not lost their substantiation even today.*

After the end of the cold war, it would seem that everything is changed, but everything is virtually as it was and the European countries are confronted with the task of successfully completing the disintegration of the old system without having everything turn to chaos in the end. At the same time, it is necessary to reshape the wreckage of the old European order as soon as possible and as rapidly as possible into new supporting structures. Europe stands before a dual challenge—disintegration and integration.

NATO Strategy

This has to do particularly with institutions which have hitherto provided economic and political stability and

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security. With the demise of the USSR, the North Atlantic Alliance lost an enemy and the former front line jumped eastward by a tidy piece. The need for a forward defense was obviated and the comprehensive plans of NATO for central Europe lost their substantiation. NATO's reaction to this new situation primarily had to do with working out new strategies. It was not and is not today an easy task to conduct strategic planning without identifying an enemy and with an unclear notion as to the type of possible conflict. That is why the Strategy Review Group was set up in 1990 which worked out and submitted 12 proposals and reached the conclusion that many of the traditional goals of the alliance had not lost any of the actuality! Unfortunately, the overly long passivity in the Yugoslav conflict led to justified doubts regarding NATO as a guarantor of security and stability in Europe. On the other hand, it will be necessary for a long time to come for NATO to specifically function as a counterweight against the atomically rearmed successors to the USSR and as an insurance policy for American commitment to peace and security.

The Postcommunist Army

The Czech Army, as a posthumous child of the federal army of the CSSR and the CSFR, has remained a postcommunist army which, to this day, did not undergo debolshevization, democratization, modernization, or a transformation to a modern type of army, not to mention professionalization. If we go back five years and recall the results of the reform and democratization efforts of the individual ministers of defense, beginning with General Vacek, all the way through the current representative of the KDU-CSL [Christian Democratic Union—Czech People's Party] Holan, then we must note that the above-named individuals only made minor contributions to the success of transforming the Army (in many cases, they made none).

Attestations

For example, attestations. These operations were initiated by Minister of Defense Vacek (the infamous operations of Hlidka, Klin, Pozar, Zasah, Vlna, Norbert, and Krkonose), who used them to mislead citizens in an effort to present these operations as a beginning of changes in the Army. Not even Chancellor Dobrovsky, who came to fame as the unsuccessful driver of a vehicle in the Office of the President and who was a representative of the Civic Movement (now the SD), proved able to bring attestations to a conclusion (and did not even want to do so). On the contrary, he actually paralyzed these operations in the obvious effort to preserve the status quo in the Army. The layman Baudys was no less "successful," despite an initial bombastic introduction in the image of the "Bosnian initiative"—in which he suggested a "simple" solution of the situation with which neither the representatives of the UN Security Council nor NATO know what to do.

Former political workers, personnel jockeys, VKR [Military Counterintelligence Service] officers and their agents (according to information obtained from a verified source, we are talking about approximately 1,650 officers of the VKR and 3,800 political workers) were transferred, thanks to Gen. Vacek and Corporal Dobrovsky, to other less-exposed and mainly equally well paid jobs, were thoroughly dispersed to various headquarters and staff jobs and the military police—so well-dispersed that despite the "best" efforts of Minister Baudys it has been impossible to "find" them—a status which unfortunately persists to this day!

Lustrations

Lustrations were circumvented in a similar manner by the proven method of transferring "threatened" persons to jobs to which the lustration law does not apply or by creating new table of organization functions for so-called civilian employees for which former career soldiers who failed to pass lustration were recruited. Moreover, exemptions were generously awarded with justifications that the individual is essential in view of their "high specialized qualities," which is understandably reflected in the current virtually total absence of combat capability within the Army. What kind of specialized qualities do they actually have? How would the consistent application of the so-called lustration law have threatened the security and defense capability of the country; how did those who granted exemptions justify them?

And so, the chief of the General Staff of the ACR [Army of the Czech Republic], Gen. Pezl (who, by the way, is the existing military adviser to the Office of the President), together with Gen. Nekvasil, succeeded in a tour de force. They "smuggled" a full 17 graduates of military schools in the USSR into the General Staff of the ACR. The fact that graduates of these schools were recruited as agents by the GRU [Soviet military] or by the existing SVR [Soviet foreign] intelligence services is already mentioned above. It is a question whether it is precisely this fact that will create the best conditions for our membership in NATO.

Rehabilitation

Not even rehabilitation proceedings fulfilled expectations. They became essentially a "private" matter for former comrades who were virtually rehabilitating each other. This is not surprising—Minister of Defense Vacek appointed Major General Dr. Jaroslav Frybert

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(the subsequent chief of the Political Directorate of the Western Military District) as chairman of the Central Rehabilitation Commission. Frybert's name and date of birth coincide with the name and date of birth of an StB [secret police] agent, registered as No. 19180 and 918001 and having a cover name of ALICE. Colonel Eng. Josef Siler was named as a member of the commission and his name and date of birth coincide with the name and date of birth of an StB collaborator, registered as Nos. 12552, 19433, 255288, and 943301 and assigned the cover name of INZENYR.

Both of the above individuals took considerable care to see to it that officers from the Prague Spring of 1968 and from the Rebirth period, who were devoted to communist ideology, could be accepted into the nascent democratic army! As can be seen, Gen. Vacek was leaving nothing to chance, not even by chance. It was noteworthy that no one checked on the above coincidence of names and dates of birth of the chairman and the member of the Central Rehabilitation Commission with the names and dates of StB collaborators. Not even after the advent of a minister of defense from the ranks of the dissidents, Dobrovsky, did anyone check on the above coincidence. There can be serious doubt that Mr. Dobrovsky "knew nothing" about it as a result of the very fact that his principal adviser was the former minister of defense, Army Gen. Vacek, a graduate of Soviet military schools. For whom did these ministers actually work? They defended the interests of the state and the taxpayers only to a minimum degree, if at all!

Reactivations

Officers who were not only fairly old (60-70 years old—for example, even Gen. Pezl, the chief of the General Staff) and were thus in a worse physical and psychological condition, but who also exerted no influence at all on the desired changes in view of their many years of isolation from developments in the armed forces, were the ones who were rehabilitated. They brought about negative reactions on the part of younger career soldiers who felt deliberately passed over and felt their livelihood threatened. Many young capable nonconformist officers and warrant officers were even released by the Army or were compelled to depart on their own—a practice which unfortunately persists to this day. In the last two years, the Army lost 1,705 career soldiers, one-third of whom were under 30 years of age. As reasons for leaving, they cited the low prestige enjoyed by the military profession among the public, poor housing, and a shortage of prospective opportunities in the armed forces. It is not possible to overlook the fact that in 1990 over 1,000 reactivated career officers rejoined the Army—at the present time, more than 90 percent of them are no longer in service and the remainder are expected to conclude their service during this year. They did not depart because they were incapable, but because they were uncomfortable for their superiors and did not adapt to the existing neototalitarian morale in the Army of the Czech Republic. On the whole, it is understandable that the current crisis in the personnel area, which was brought about by the former nomenklatura cadres, can have and will have a woeful influence on the integration of the ACR in the North Atlantic Alliance, because the quality of the officer and warrant officer corps is a basic criterion of combat capability in any army. Would it not be correct to warn the North Atlantic Alliance of the deplorable state of the ACR?

Reorganization

The reorganization of the Army is proceeding at a very slow pace and at a low quality, primarily when it comes to personnel. This is reflected in the great shortage and inadequate specialization of middle and lower command personnel, but without them it is impossible to achieve quality training or combat capability in combat units.

Within the framework of the established modern organizational structures, first place is occupied by the "highly visible" rapid-reaction brigade, which is quite a customary component of developed armies in the West. Unfortunately, in the ACR it is the only one which is supposed to assure the security and sovereignty of the state, something which understandably is far short of the mark. Additional units and formations are not properly trained and prepared to defend the Czech Republic, which is thus exposed to possible occupation at any time and by anyone in the given geopolitical and geographic situation.

The UNPROFOR [UN Protection Force] Unit

The defense of the state is thus not assured by our own armed forces, or with the aid of friendly states, not to mention assurance through NATO. Every year, taxpayers lay out billions of korunas which disappear without being successfully used to build the armed forces of the Czech Republic; they disappear in the bowels of the insatiable army maw. The lack of training, even though representatives of the Army attempt to declare the exact opposite, is showing up even in our UNPROFOR unit stationed in the former Yugoslavia, which is supposed to represent us as a new democratic modern and NATO-compatible army. Discipline and morale in the unit are inadequate, there is a plethora of negative personal interests (the sale of motor fuels, food, alcohol, and alcohol consumption). It is impossible to overlook even the loss of life among members of

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this unit, which occurred not only because of a lack of discipline, but as a result of disputes among members of the unit. This tends to confirm the assumptions and reports on the low quality of selection and training, regarding the low moral characteristics of the unit members, and documents the fact that commanders are not very demanding. The result is a sizable volume of repatriation for soldiers which, in 1993, amounted to 118 and, in 1994, amounted to an even 100 soldiers. For disciplinary reasons, 25 soldiers returned. This year, there are already 54 repatriates, 16 of whom are coming back for disciplinary reasons. Moreover, we have to add the loss of six lives, not to mention any wounded. Although the members of this unit serve to make our country and our Army visible, this represents a considerable economic expenditure for our country for the essentially necessary material equipment and expenditures for training bases. For the Army itself, the final specialized gain based on the activities of the UNPROFOR units is virtually zero.

All of this means an insensitive lack of valuation applicable to those members of the Army of the Czech Republic who perform their everyday work honestly, work which, from the standpoint of securing the defense of the state and the citizenry, must be considered as a priority, as basic, and as irreplaceable. The Army must generally be perceived as an indivisible whole and that is why it is not possible to refer only to its representative and yet imperfect samples.

Reform From the Center Outward

Despite the fact that the Czech Republic still does not have a defense law and an approved military doctrine, there has already been military deployment and changes in organizational structures to a brigade system. This has resulted in a totally absurd situation: Thus far, it has not been precisely determined what is to be accomplished in the interest of safeguarding the state, but it is already being done. In practical terms, this means that the transformation of the Army has been initiated from somewhere in the middle of the necessary systems changes. Evil tongues claim that this obviously suits someone. This decision has preserved sizable quantities of table of organization jobs at middle and higher command levels to which "irreplaceable specialists" can be appointed. The impact of these changes was felt immediately: The inadequate staffing of table of organization jobs resulted in the fact that formations and units are staffed at levels of 10 to 60 percent. The shortage of soldiers in lower-level and basic jobs in these formations and units means that the units are compelled to focus on primarily oversight and guard duties and on maintenance of combat equipment. There is a minimum of training, resulting from the difficult financial situation in the Army and as a result of resources being expended where they are not absolutely needed. The results achieved reflect this situation. The above status in its consequences exerts a negative influence on military training and the overall level of the military. Current combat training is lacking in quality, if it exists at all. Commanders of combat units essentially place no demands on physical fitness and psychological resistance among soldiers of the basic service, upon practice in servicing weapon systems, and upon the perfect mastery of personal weapons. They pay no attention as to whether soldiers care for the everyday maintenance of their weapons (which is among the fundamental duties of a soldier) and they neglect firing exercises, which hone the foremost and basic skills of a soldier.

It is possible to note with surprise that the chief of the General Staff, Nekvasil, wants to free soldiers of the basic service from guard duty so as to avoid careless and unspecialized manipulation involving weapons and the possibility of self-injury or possibly death. Out of the mouth of a "fundamental and irreplaceable specialist" (of Soviet provenance), this sounds almost dilettantical in relation to combat morale and the combat art of soldiers in the basic service. After all, the handling of weapons and guard duty in peacetime was and must be considered as the primary combat role, without which one cannot imagine a soldier as such at all.

After completing basic service, soldiers in the basic service are not specially trained, and that is why they consider the time spent in the Army as unnecessarily lost time. This view provides them with the impression of everything that has been noted above which then exerts a further negative influence upon the relationship between the citizenry and the Army. The current negative situation in the military is also very palpably aided by the fact that the law on civilian service has not been thought through to the end.

The Military Education System

The credit enjoyed by the Army in our society is negligible, and so the number of applicants to study at military schools continues to decline (and thus, the number of those interested in the military profession as such). Among other reasons, the transformation of the military education system lacks the desirable direction and dynamics. In the military schools, the spirit of the Warsaw Pact, which no longer exists, continues to rule. Political science is taught by former politruks—teachers, whose careers were based on boundless loyalty to the KSC [Communist Party of Czechoslovakia]. In an effort to preserve their existing jobs, they make

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successful use of all opportunities to liquidate younger and more capable colleagues who, for the most part, are departing for civilian life. Because no concept regarding the military education system exists, this army subsystem is in chaos and is uncertain of its future. Clearly, even the nonexisting personnel concept has an influence here—a concept which would tie in with the organizational structure of the Army and to its mobilization aims. As a result, to this day there has not been any adjustment of the structure for training career soldiers or possibly soldiers serving "time-specific" terms of enlistment, nor has there been a change in the method of training, not to mention any reduction in the number of surplus personnel in the military education system. The result is ineffectual training and its low quality, particularly in commander specialties. Just as an example, let us note that in more than five years we have been unable to teach the officer corps English so they could at least communicate with their future partners. A not insignificant role in the above status is played by the amendment of Law No. 172/90 SB. [Collection of Laws] on advanced schools which gives academic senates of military advanced schools and their faculties (made up mostly of former Communists, with a few exceptions) a number of possibilities for blocking the efforts of the minister of defense to transform the military education system. However, it must be added that these efforts, apart from Ministry of Defense Order No. 23/93, have been only very moderate on the part of the Ministry of Defense and have been totally unconventional.

[10 Jul p 12]

[FBIS Translated Text] *In the last issue of CESKY TYDENIK, we published the first part of an extensive amount of material which provided information on how reforms have fared in the Army of the Czech Republic after November 1989, particularly in the personnel area. In this contribution, the author deals primarily with the problem of rearming the Army.*

The decisive factor in the combat capability of every army are its weapons and weapon systems which, in our Army, are of Soviet origin or were produced in accordance with Soviet licensed technology and documentation.

Weapons and Weapon Systems

Moreover, these weapons and systems are behind the current status which exists in the Russian Army from the standpoint of technical parameters, frequently by one to two generations—particularly with regard to their defense system (PVO), missile equipment, aircraft, tanks, infrared equipment, or with respect to technical devices for conducting night operations and operations under difficult weather conditions. As a result, the current status of the Air Force, PVO forces, antitank and antiaircraft defense, missile forces, artillery, but also the ammunition of the ACR, are deeply below the level of the equipment at the disposal of the armies of developed democratic nations, but also below the level of the armies of the countries of the former USSR.

Even the existing automation of command, information technology, and computer equipment in the ACR are not only technically, but even physically more than 25 years old and, therefore, practically unusable. The majority of the means of communication in the Army is morally and physically obsolete and does not facilitate direct transmission of an expanded spectrum, using frequency skips, their velocities, and the opportunity to work with an expanded spectrum.

Given the economic possibilities which exist in our state, the tendency and efforts to rearm with weapons and weapon systems of Western production, for example, the acquisition of F-16 fighter aircraft, are absolutely unrealistic. The amount involved is equal to 350 to 400 billion korunas [Kc], in other words, approximately $15 billion, because the utilization of these aircraft also requires ground servicing systems. Moreover, individual military airfields and PVO facilities would have to be equipped with compatible systems for directing and conducting aerial combat (but also ground combat) as handled by NATO air forces and NATO air traffic control operations.

The same is understandably true also of acquiring weapons and weapon systems of NATO ground units—including joining the information systems of reconnaissance satellites, radio-frequency combat devices for the conduct of battle actions, which are decisive and essential for fire control, radio-frequency jamming, radio-frequency protection of friendly weapon systems, and combat with enemy technical reconnaissance means.

As can be seen, the warding off of the inexorably advancing armaments collapse of the ACR, which can be expected to occur as early as the beginning of 1996, will not be easy. Its causes are physically and technically obsolete weapons and weapon systems (primarily of Soviet origin), but also the conversion of armaments production, which was so imprudently and unsuitably asserted in the post-November euphoria by Vaclav Havel and Vaclav Klaus. The conversion resulted in the liquidation of the domestic and particularly the foreign market which we abandoned to the foreign armaments firms of the West and of the East against all common sense. The way out of the existing situation will be demanding in terms of time and resources. It is only

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with difficulty that one can imagine averting the collapse of the ACR without the participation of the domestic armaments industry.

Rearming the Army

The solving of rearmament by modernizing existing combat equipment, which is mostly of Soviet origin, is understandably feasible. But we must make a fundamental decision as to what can be effectively and purposively modernized and what cannot. That is so that there would not be any paradoxical decisions to sideline MiG-29 aircraft, which were in the arsenal of our Army for a mere five years (not 10, as the press section of the Ministry of Defense stated in error), only because they are of Soviet origin and because of the "high expenditures" involved in their operation. What aircraft in the Army is not expensive to operate? The MiG-29's perhaps do not have a future because they are delivered from an "unstable" region—however, we shall not rectify that by replacing them with obsolete, albeit expensively "modernized," MiG-21's (which do not achieve the parameters of the MiG-29 by a long shot) from the same "unstable" region. It would seem that this decision was not exactly a wise one, all the more so because we have no guarantee that anyone will buy the MiG-29's from us and that, in the end, they will not end up in the military technical museum or as scrap, despite the fact that they have only been flown an average number of hours, and one, in fact, has been flown for only 150 hours! Would it not be more suitable to leave these aircraft in the arsenal of our Air Force until reciprocal replacements have been acquired? We are talking as-good-as-new aircraft whose life expectancy is 2,000 flying hours and whose engines will not face general overhaul until 500 to 600 hours and, moreover, we have perfectly trained pilots for these aircraft, as well as technical personnel.

It is inadequate to arm our Air Force with subsonic L-159's, even though they may have peak components from the American firm of Rockwell or from the Israeli Elbit firm. These aircraft are not capable of securing the airspace and the ground territory of the Republic (in view of their limited use under difficult weather conditions, their ceilings, and their small range) and are incapable of conducting an assault even outside of the Republic. It is necessary to look also at the lack of clarity surrounding the agreement between the firm of AERO Vodochody and the Israeli Elbit firm regarding deliveries of aircraft on-board electronic equipment, where the Israeli side reserves the right to determine the nature of the contracts and the territory to which the aircraft will be delivered. This is an export version of the L-159 which is to be produced under the designation of L-59F. Although the decision has been made regarding production of the L-159 and the L-59F, this does not mean that it will actually happen. The planned production of the combat version of the L-159, which AERO Vodochody wants to initiate in 1998, will most likely reach the stage of a mere prototype.

It would seem that it would be more clever to try for a license to produce, as Turkey did, for example, where they are not directly producing the F-16, but at least are assembling it. In our aviation industry, with such renowned enterprises as AERO Vodochody, Motorlet Jinonce, aircraft repair facilities at Malesice, and others, we could surely try not only to assemble, but also directly to produce these aircraft.

Armaments Production

To revive armaments production in the Czech Republic does not loom as being unrealistic in view of our long traditions, but is more the contrary case. The example of modernizing the T-72 tank by Skoda Plzen, together with 17 other enterprises which already have at their disposal today a competitive design comparable with armaments plants of the West, acts as confirmation.

The production of a new antiaircraft weapon system (STROP), which was developed in collaboration by Skoda Plzen and the Military Research Institute, appears to be very promising and the Army could have it as early as 1998. Similarly, the undeniable quality of the TAMARA radar serves as a guarantee for the startup of production not only for the requirements of our Army, but also as a reciprocal and, in many instances, superior radar and competitive product for export purposes.

The tradition and quality involved in the production of small firearms tend to prioritize our arsenals in the face of many foreign producers and it would be unwise for us not to prioritize them as well. The set of LADA weapons, the shortened assault rifle, the assault rifle and machine gun, as produced by the Czech arsenal at Uhersky Brod, tends to confirm this.

The decision whether we shall give preferential consideration in the modernization and production of weapons and weapon systems to our own armaments enterprises will be made in the Economic Department of the Ministry of Defense which is totally under the control of former nomenklatura cadres and former employees of the VKR. That is why there is a fear that we shall only be able to dream of modernization and armaments production conducted by our arsenals!

Pilferage and Errors

The pilferage of fuels, camouflage netting, "kanadas," weapons, and various other items of equipment and

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armament from army warehouses has already become an inseparable feature of our Army. The amounts involved in such burglaries amount to millions of korunas and responsible representatives of the Army do not know what to do. The principal culprits are understandably not those who do the stealing, but the commanders and economic employees of the individual military formations and units and chiefs of depots—something which attests to their inadequate capabilities and the inadequate qualities for service in the Army.

We thus return to the poorly conducted attestations, the lustrations, the reactivations, and the extraordinary evaluations conducted by the extremists Vacek in the beginning and ending with Baudys. It was particularly they who were responsible for deciding who shall remain in the Army and who will have to go. The consequences of their actions are well known.

The Supreme Audit Office, for example, has found that the Military Housing and Construction Directorate in Plzen illegally sold Castle Struzna, including its land (the property was deliberately included in the second category of cultural monuments), for a mere Kc11 million. In conflict with valid regulations, the Army sold even other movable and real property over the entire territory of the Czech Republic. Although former Minister Baudys did ask the former military prosecutor to determine the criminal responsibility of persons charged with conducting transfers of real property, the military prosecutor's office, headed by Krizenecky, doctor of jurisprudence, proclaimed that the determined facts were insufficient to initiate criminal prosecution. Also, the "investigation" by the military police has thus far yielded no results. What can be added?

The Internal Situation

The results of all the above-mentioned campaigns for the last five years indicate that the highest officials of the Army did not exhibit sufficient effort to achieve the transformation of the former CSLA [Czechoslovak Army] into such an ACR which would be responsive to the requirements of a modern army of a democratic state, which is capable of being integrated into the system of European defense and into NATO as a worthwhile and contributory whole. Not as an appendage attached to democratic Europe only as a result of political necessity.

Similarly, the Security Committee of the Chamber of Delegates of the parliament of the Czech Republic was inadequately emphatic when it came to changes in the Army and that is why fundamental changes in our Army were also not achieved. It is startling to note that not even the government, the State Defense Council, but not even the political representatives of our state as a whole demonstrated a lack of political will and tolerate the current status within the ACR. All of their declarations in this sense are proclamatory and void of content. Perhaps this can be justified on the basis of the fact that there are people in state and political functions who do not understand the problems of the Army or who consider the Army to be marginal. That is why they cannot even strive to implement any of the Army's fundamental systems changes.

The failure to resolve army problems exacerbates its already critical status today and the Army is heading for collapse. Hundreds of young capable career soldiers have left the Army primarily as a result of any unclear future and because of conditions that prevail there. However, this is not to say that the ACR will cease to exist. It will surely continue to exist under the same designation, but it will not be an army in the true sense of the word. It will be an association of people in which some will find (or have already found) an easy way of making a living. An association of people burdening the pocketbooks of all of their fellow citizens. An association of people, soldiers in the basic service, wasting their time in it against their will.

It is therefore necessary to put an immediate end to misleading lectures regarding the quality of the transformation accomplished in the Army and to initiate a comprehensive solution of its problems. Within the framework of reducing the table of organization of the Army, precise rules should be set covering who may remain in the Army and who must go. Promising young career soldiers should be given a vote of confidence. Ideal conditions for measures of this type could have already been accomplished at the time the Republic was divided. But not even that opportunity—much like a whole series of others—was utilized.

Europe Is Uniting

The direction of European development is unification—and the extent to which the Czech Republic will share in the unification process should depend only on it. It is certain that a Europe which is uniting will not leave us on the sidelines, and if it proves to be necessary in the interest of the uniting whole, the Czech Republic will be incorporated into it, whether it likes it or not. If the small countries do not wish to be a mere object of policy of the world association, they must also contribute something of value to this association.

The transformation of the Army must also be seen in this light of all-European changes. It will not be a contribution to a united Europe if it will not bring something to the unification process which will strengthen that process, which will provide something to the united

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whole which others cannot offer. For such a contribution, it is necessary to formulate a military doctrine—something which the leadership of the Army has thus far not decided to do. Or it is not capable of doing?

It must be pointed out that the beginnings of the new order in Europe at the end of the 1980's rested on the quality of the NATO armed forces in comparison to the Warsaw Pact. That quality was brought about by the constant modernization and production of new weapons and weapon systems which made maximum use of computer equipment.

The end of the validity of the Yalta Agreements occurred in an atmosphere of a failing socialist economy, of moral devastation of socialist society, and of the armaments race with the USSR, brought about specifically by the United States during the presidency of President Reagan. This resulted in a military and political crisis and in the economic collapse of the communist countries of Europe, particularly of the USSR itself. The consequences are well known. The disintegration of the socialist camp with the subsequent demise of the Warsaw Pact.

[13 Jul p 8]

[FBIS Translated Text] *The Czech Republic espouses the Partnership for Peace and wishes to achieve full membership in NATO. But what has thus far been done toward this end? In 1989, the CSLA had virtually 200,000 men under arms. At the end of 1995, on the basis of international agreements, this number is to be reduced to a mere 65,000.*

This significant reduction in the overall number of the armed forces presupposed the creation of principles involved in the required changes. We naively believed that, in accordance with these principles, entire areas of personnel would be leaving the Army and that the Army would thus purge itself. However, the representatives of the Army issued no such principles and did so for the simple reason that they would have condemned primarily themselves to demise. Although the Army table of organization is being reduced, it is as though these reductions have no effect on the Ministry of Defense and the General Staff of the Army. The composition of these bodies suffers only insignificant adjustments. Directorates were disestablished and replaced by departments. New firms came into being with the old people and the overall number of members in these institutions in fact increased.

Specific Proposals

In order for the Army to rid itself of its totalitarian character, it is necessary to immediately realize the following measures:

- Dismiss from the Army all those who were in command positions on 17 November 1989, their deputies and chiefs of staff at the brigade level, division level, army level, district level, as well as the heads of decisive directorates in the General Staff of the Ministry of Defense and the former commanders of the OVS [district headquarters].
- Dismiss the organizers and officials involved in the campaigns entitled ZASAH, VLNA, KRKONOSE, NORBERT, HLIDKA, KLIN, and POZAR.
- Dismiss political workers in the Army down to the function of deputy commander for political affairs, chairman of the party organization of the KSC of the regiment, and all officials assigned at higher levels of command.
- Dismiss the former members of the Control and Auditing Commission (KRK).
- Dismiss the former workers of the Military Counterintelligence Service (VKR) and their agents.
- Dismiss the leading workers of personnel departments at division level and at higher levels of command.
- Dismiss the graduates of Soviet military advanced schools.
- Dismiss all positively lustrated officers and support the validity of the lustration law as applicable to all career soldiers.
- Declassify the register of the former VKR and apply the findings so acquired in personnel work.
- Make it impossible for soldiers dismissed for the above reasons to transfer to jobs as civilian employees of military directorates.
- Conduct a review of all reactivations, because even former officers of the VKR, their agents, political workers, KSC chairmen, members of the people's militia, and members of the government military from the times of the protectorate were rehabilitated and reactivated.
- Conduct a review of all rehabilitations and reactivations which were halted without the personal participation of the individuals involved or whose rehabilitations and reactivations were overturned as a consequence of their justified criticism of negative conditions and abuse in the ACR.
- Conduct a review of those career soldiers and civilian employees who were unjustifiably dismissed from the Army on the basis of manipulated attestations and extraordinary evaluations.

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- Conduct a review of members of the rehabilitation commissions, of the reactivation and attestation commissions, and commissions which decided on extraordinary evaluations to see whether these commissions were not made up and did not work under the control of VKR officers, their agents, political workers and chairmen of the KSC, and members of the KRK.
- Facilitate and support the return of those career soldiers and civilian employees who have again decided to serve in the military and who will meet all of the above-mentioned criteria.
- Prohibit the wearing of medals and orders propagating the successes of the totalitarian state and proclaiming fraternity with the former allied armies.

All This Should Already Have Happened!

The above measures should have been implemented immediately following the "velvet revolution" and the majority of career soldiers in the above-mentioned groups were anticipating the outcomes with nervousness and dread. Because in the first years following 1989, due to former Ministers Vacek, Dobrovsky, and Baudys, nothing substantially happened, they changed jobs with the assistance of their communist friends, including their jobs at individual levels of command. In this way, they obliterated their tracks behind them and the majority of them continued to serve in the Army. At the same time, new mutual relationships developed. The group of those who made it possible for the culprits from the previous times to serve obligated those soldiers to support them. They again raised their heads and assured themselves that nothing could happen to them, and if any critics of the conditions in the Army did arise, they would immediately liquidate them the same way as they used to liquidate them in the socialist army. Nothing has changed.

Today, after five years, the purge of the Army will obviously be more complicated. Nevertheless, it must be undertaken because the Army has proven that it is not capable of making the transformation which, in the process of a uniting Europe, would not only be a guarantee for the European security system, but primarily would represent a Czech contribution. And it is incapable specifically because of its fundamental inability to purge itself, to rid itself of people who do not belong in it. That is why it is necessary to strengthen the activity of democratically and anticommunist-thinking political organizations, components, and political representatives themselves who are interested in a democratic transformation of the Army, who have the capabilities and the will to assert the above-mentioned changes!

It is absolutely necessary for the Government of the Czech Republic, the State Defense Council, the defense and security committees of the Chamber of Delegates of the parliament of the Czech Republic, the Ministry of Defense, as well as the president of the Republic, to base their actions not only on the identified shortcomings and on the highly critical evaluation of the status of our Army, but also for them to create optimum conditions for the defense of the citizens and the territory of the state, given the existing geopolitical and geographic situation of the Czech Republic.

Committee Chairman Against Upgrading MiG's

95CH0325C Prague LIDOVE NOVINY in Czech 27 Jul 95 p 3

[Report by gag: "Suman Believes That Holan Will Back Off From Modernizing MiG's"]

[FBIS Translated Text] Prague (gag)—Minister of Defense Vilem Holan is determined to modernize three prototypes of Russian MiG-21 fighter aircraft and, after flight tests, to renegotiate the modernization of 24 aircraft of this type with delegates of parliament. The chairman of the Security Committee of the Chamber of Deputies, Vladimir Suman (ODA [Civic Democratic Alliance]), however, is convinced that the legislators will persuade Holan to back off from modernizing the fighter aircraft.

After receiving Holan's official position paper, Suman concedes that the minister has the right of the final verdict. "But if the minister does not change his mind, he would be sending a very unsuitable signal abroad," said the deputy. As the chairman of the committee says, officials at the Ministry of Defense together with strategists in the General Staff, who decided in favor of modernization, are having a hard time becoming accustomed to the idea that the results of their many months of consideration could, in the end, come to naught. But according to Suman, far greater economic, political, and military losses would be entailed in the modernization of the fighter aircraft. The chairman claims that if the Army were to back off from this step, the resources set aside for the technical reworking of the aircraft would be retained. Suman indicated that "the Army could, among others, strengthen its participation in the development of the L-159 combat aircraft, which is coming into being at Vodochody." The amount which the Army would then pay for the planned purchase of 72 such aircraft could then allegedly reach a more acceptable level.

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Improvement in Relations With Poland Noted

95CH0354B Prague TYDEN in Czech 21 Aug 95 p 25

[Commentary by Josef Vesely: "The Czech Republic and Poland: An Attempt at Having Another Go"]

[FBIS Translated Text] The year 1995 will very likely enter the history of Czech-Polish relationships as the beginning of a better era. Before the demise of Czechoslovakia, the two new democracies did not succeed in their search for a common language, and, following the development of a smaller and more jealous Czech Republic, things tended to get worse. It must be added that the Czech Republic, combatively brought to bristling as a result of the self-confident pronouncements of some politicians, did not have overly harmonious relationships even with Austria and Germany, if we disregard Slovakia as a special case.

Why is there now a shift involving Poland? Last week, the two prime ministers, Vaclav Klaus and Jozef Oleksy, met at an important summit; however, the switches intended to change course had already been set, with the participation of both politicians, as early as June at Cannes. At the meeting, which took place at that time along the margins of the key meeting of the European Union, Jozef Oleksy and his chief of diplomacy, Wladyslaw Bartoszewski, took a step toward the Czech partners: Between speeches, they made a discrete, albeit binding, promise that Poland would accede to Prague's pragmatic "game."

The Czechs primarily wanted Warsaw to do away with the suspicion that Warsaw wanted to become the spokesman or even the hegemonic power in the region, which was being called the "Visegrad Four." Under former chiefs of diplomacy, Warsaw had occasionally gone solo negotiating a collective dialogue with NATO or with the European Commission in Brussels. The remaining Visegrad partners were only then sent invitations. Some were content with this; in other cases, this almost brought about animosity. Even President Lech Walesa would sometimes address strategic partners (such as the United States and Germany) in the name of his central European neighbors. A similar type of testiness in the Czech Republic was brought about by the Austrian offer to become a "bridge" to Europe for us.

But back to Poland: The diplomatic professional Bartoszewski, as well as the pragmatic postcommunist Oleksy, have obviously decided to change their style in dealing with Prague in order to give the "quarrelsome Czechs," as Francois Mitterrand called them in his memoirs, a chance to move forward and save face in so doing. So a common language is beginning to emerge—although it is an unexpected development for some and a little late for others.

Incidentally, it is not possible to rule out the fact that the Czecho-Polish rapprochement was aided, apart from any decisive common interests of both countries with regard to NATO and the European Union, by the aberrant behavior of Vladimir Meciar. Warsaw, which has traditionally depended a great deal on the opinion of the United States, is taking the energetically formulated criticism by Washington addressed to the current regime in Slovakia quite seriously. And it is possible that it will now begin to fastidiously draw away from Bratislava. Even though this may sound selfish, for Prague and for Warsaw this could be an additional impetus for a mutual effort toward achieving a better outcome. And in the new Europe, a functioning neighborliness represents a great amount of political as well as economic capital.

Moreover, for the actual local regional power of Germany (and with it for the European Union), as well as for the United States (and with them for their allies in NATO), the map of central Europe is becoming more lucid. In the end, an accomplished Polish-Czech rapprochement would not even mean a loss for Russia—provided it is truly longing for greater stability in this area.

Klaus, Cabinet Members Disclose Income, Gifts

95CH0323B Prague PRAGUE POST in English 25 Jul 95 p 2

[Article by Eric Volkman: "Top Politicos List Fruits of Their Labor"]

[FBIS Transcribed Text] Rank has its privileges.

Although it's not an easy way to earn a living, being a government minister does have its perks. Just ask Vaclav Klaus and the members of his Cabinet.

According to recent disclosures, the Czech prime minister heads the list of top government money earners and gift receivers. Since last July, Klaus has earned the tidy sum of 624,351 korunas [Kc] (about $24,000) for speaking engagements and participation in seminars outside the country. Klaus earned another Kc355,591 from royalties on academic studies he's authored.

The prime minister also has been on the receiving end of gifts from foreign dignitaries and other generous people. During a state visit, Finnish Premier Esco Tanani Aho presented Klaus with a pair of cross-country skis and boots worth Kc7,000. When ski season is over, Klaus can stash the skis and take to the road on his new bicycle, donated by an anonymous benefactor and worth Kc19,000. If all this exercise still hasn't gotten the prime

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minister in shape, he could find a tennis court and play a few sets with a friend, courtesy of the sporting-goods manufacturers Wilson and Pro-Kennex, each of which bestowed a tennis racket on the head of government.

Several other ministers have earned extra money and received freebies as well. Parliament Chairman and erstwhile playwright Milan Uhde collected Kc63,194.40 for royalties on his plays and readings of his works. The money is a handy supplement to the Kc6,573 and the DM2,531 Uhde earned from interest on family savings accounts, and the Kc143,208 he collected from the stock market.

Such gifts and outside sources of income are put down in writing by the politicians themselves. They are compelled to disclose gifts, paychecks and honoraria according to a law enacted in 1992. The law states that government officials and members of parliament must disclose all outside sources of income above the Kc16,100 monthly salary of a parliamentary deputy and gifts with a value of more than Kc500. Penalties for violating the law, however, are not exactly steep. Violators are subject only to "public exposure" by the leader of parliament. No further penalties can be imposed.

Of course, disclosure of cheaper gifts and lower fees also is encouraged. Two vases received by Privatization Minister Jiri Skalicky from visiting dignitaries are itemized, but their values are not revealed because, according to his disclosure, "I can't estimate their price." For those who want to theorize, both vases are on display in his office.

Although ministers such as Klaus and Skalicky earn extra cash and receive gifts on the side, the Czech public does not seem too perturbed by the recent disclosures. "I definitely don't have a problem with it," opined one Prague resident, a teacher of finance and economics. "If politicians work for that money and earn it fairly, they deserve it."

Despite the generosity shown some Czech government officials, not all are cleaning up. Embattled Health Minister Ludek Rubas, in addition to his other problems, has disclosed but a single gift—a Kc200 whistle given in appreciation of his work on behalf of the nation's asthmatic children.

Greens Chairman To Resign, Join CSSD

AU2909095095 Prague PRAVO in Czech 18 Sep 95 p 3

[Report by "(alm)": "Vlcek Will Transfer to Zeman"]

[FBIS Translated Text] Prague—Jaroslav Vlcek, a deputy in the Chamber of Deputies and chairman of the Green Party (SZ), announced at a meeting of this party's Presidium on 16 September that he will resign as chairman on 7 October. Vlcek gave PRAVO this information on Sunday and, in reply to another question, confirmed that he will join the Czech Social Democratic Party [CSSD] before the elections.

He cited the Presidium's refusal to accept his concept—according to which, the SZ has no chance of succeeding in the elections on its own—as the reason for his resignation as SZ chairman. According to Vlcek, his departure does not signify a split within the SZ, but, at the same time, he did not rule out the possibility that the entire SZ leadership would eventually resign.

No Turns in Economy Predicted Until Elections

95CH0354A Prague ZEMEDELSKE NOVINY in Czech 24 Aug 95 p 11

[Commentary by Jiri Vavron: "The Elections Are Coming, Folks, and Things Will Be Better!"]

[FBIS Translated Text] Every time parliamentary elections approach, the ordinary citizen can rejoice. Within the framework of the so-called election economic cycle, it turns out to be a rule that unpleasant economic matters, such as price increases, decontrol of rentals, devaluation, and similar matters must come to an end a minimum of nine months before the parliamentary elections. These matters need to be deferred until after the elections. In the event of an election loss, it will sweeten the victory for the governing party and will immediately put a spoke in its wheel, because there is probably not a single political party that would include price increases or promise of economic problems in its election program. In the event of an election victory, there is much that can be done, because one way or another we will have the situation for five years for certain.

A glance at the calendar tells us that the elections of 1996 are approaching and that, therefore, a period of economic peace and coziness is in the offing. That is why the government has been putting a finishing spurt on unpopular measures and that is why, say, charges for heat went up as of this September instead of going up as of next January; this is why postage, telephone charges, and charges for electricity and gas jumped as early as the beginning of or halfway through this year.

And so, the citizen can look forward to the end of this year and to the first half of next year. He will be able to take out a mortgage to acquire an apartment. The budget is in surplus so that many an item can be released from the state treasury, many an item will be able to be built or developed, and the scarecrow of unemployment will once more not be a threat. Wages will go up, both for

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those ministerial areas that want to or are figuring on having various wage strikes, as well as for those who are not striking and who are not threatening to use any similar tactics.

These measures will automatically make it more difficult for the opposition party to criticize government policy. The opposition will thus be left only with the decline in export capability as its firing weapon, the decline that is great and that likely will not undergo much change in the next year. Moreover, sharply rising imports and the rich offering in the stores will weaken the opposition's assault actions. The period of economic advancement, which we are beginning to experience, and the overall positive development in the economy then will definitely put an end to the pointed parliamentary assaults against the government's economic policy, as launched by delegates of the type represented by the Social Democrat Wagner.

Therefore, let us look at the immediate future with optimism. Absent some kind of elemental catastrophe, we should not see any kind of woeful economic events or any kind of woeful government action that might ruin our pocketbooks and our family budgets. Of course, we shall have to utilize this period of calm to create considerable financial reserves, because once the elections are over we shall have to experience all deferred, but necessary, even though occasionally unpopular, economic measures firsthand.

Extent of Money Laundering, Proposed Law Viewed

95CH0321A Prague RUDE PRAVO in Czech 15 Jul 95 pp 1, 4

[Interview with Miloslav Vyborny, chairman of the Parliament Law Committee, by Vitezslav Kulich; place and date not given: "The Law Can Make Money Laundering More Difficult, but It Cannot Eliminate It"]

[FBIS Translated Text] [Kulich] What is dirty money?

[Vyborny] Money acquired as a result of criminal activity. Throughout the world, several hundred billion dollars of this kind of money are laundered each year. The greatest source of dirty money is the traffic in narcotics and in psychotropic substances. Other illegal income, such as prostitution, white slavery, or trade in classified information are on a lower order of magnitude. Organized crime needs to have these financial resources laundered. It is not specifically interested in selling drugs, but in earning money through the sales and in using this money in such a way that it is impossible to determine that it was acquired as a result of criminal activity.

[Kulich] Does the problem of dirty money apply to the Czech Republic?

[Vyborny] Drugs are also traded in this country. But the extent of this trade in drugs is not what is decisive. Money acquired as a result of the sale of narcotics is not always laundered in the country in which these drugs originate. Mainly to the contrary. Organized crime is looking for countries where the laundering of dirty money is made simple.

[Kulich] Are there any indications that organized crime is laundering money specifically in the Czech Republic?

[Vyborny] I do not believe that they do so specifically in the Czech Republic, but that they also do it in the Czech Republic.

[Kulich] How much dirty money is laundered in this country on an annual basis?

[Vyborny] I do not know. This is possibly only a more or less fundamental estimate. It is more a question for those organs which can deal with this problem. For example, the Czech National Bank [CNB] or the police.

[Kulich] And do you believe that the law which you are preparing can prevent laundering?

[Vyborny] The law can make the laundering of money more difficult, but it cannot completely eliminate it. That will never be possible. Organized crime will always find new ways for laundering dirty money.

[Kulich] Because new ways will always be found, does it make any sense at all to prepare a new law?

[Vyborny] People will steal anyway, even if we have a criminal law. They will steal despite the fact that it is prohibited. But that is no reason not to adopt a law which will restrain it. The same is true for laundering dirty money. Moreover, by rejecting such a law we would find ourselves among those countries for whom the fight against crime is insignificant, and that would not only have a moral impact.

[Kulich] What are we going to do against the influx of dirty money?

[Vyborny] According to the proposed law, for example, the Financial Institute will have the duty, to the extent to which it acquires any suspicion that some kind of unusual business transaction is involved, of putting a stop to such bank transfers. It shall report this fact to the central office, which will check up on the transfer and the owner of the account. It will compare this information with the other domestic and foreign data available. If the suspicion is confirmed, all documentation will be turned over to organs active in criminal proceedings.

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[Kulich] And if it should turn out that the operation is totally legal?

[Vyborny] Such cases can actually occur. Someone must then compensate for the damages—for example, for lost debts. Some transactions are not even quantifiable. It is perhaps difficult to compute a loss in confidence on the part of a trading partner. Such costs cannot be borne by the bank which fulfilled its obligation and reported its suspicions, but by the central organ. That is why it is also very important to specify the time frame during which the bank has the right to block the account. If the time is excessively short, it will be difficult to prove that dirty money is involved. If the time is excessively long, damages could be enormous. We are figuring on temporarily halting.

[Kulich] Who is to determine what is an unusual trade transaction?

[Vyborny] It is up to the banks to define such transactions in their internal regulations. But it can be anticipated that they will pay attention to their reputation and that they will defend against any possible money laundering.

[Kulich] When the prime minister was still minister of finance, he stated that he could not tell the difference between dirty and clean money. You can?

[Vyborny] Three supranational institutions have issued directives regulating measures against money laundering. The United Nations, on 19 December 1988, adopted the UN Convention Against the Illegal Transportation of Narcotics and Psychotropic Drugs. The Council of Europe in Strasbourg, on 9 November 1990, adopted the Agreement on the Laundering of Dirty Money, Searching for, Securing, and Confiscating Profits Based on Criminal Activity. The European Community issued a 10 June 1991 directive on prevention in utilizing financial systems for purposes of money laundering. We must tie into these basic national documents, particularly in countries which wish to become members of the European Union, laws with the goal of uncovering the presence of dirty money, of confiscating it, and of facilitating cooperation with other countries in this area.

[Kulich] Which institutions in the Czech Republic will defend against money laundering?

[Vyborny] Government principles, which have already been negotiated by the committees of the Chamber of Deputies, considered banks, insurance institutions, pension and investment funds, investment corporations, and money-changing facilities. After that, they considered gaming offices, casinos, and gaming facilities. Consideration is also being given to real estate offices, the jewelry industry, automobile sales outlets. In its final form, this listing can still be expanded or narrowed.

[Kulich] Which should be that central organization?

[Vyborny] Within parliament, there was a stormy debate about this. It is expected that it will be the Ministry of Finance. But it must be an organization which is totally independent of the ministry and must be a separate unit. Those who will be working with data will be very well informed. The parliament wishes to prevent data acquired in this manner from being misused.

[Kulich] How much will the system against money laundering cost us?

[Vyborny] According to government principles, the annual costs will amount to 4.6 million korunas. I judge that the amounts could be greater by several orders of magnitude. On the other hand, we can claim that the system will, in the end, cost us nothing. This is because it will help uncover dirty money, it will help to convict perpetrators, and will confiscate their property to the benefit of the state. This is how it also functions throughout the world.

[Kulich] When is the law expected to be approved?

[Vyborny] The government submitted the principles of the law against the legalization of proceeds based on criminal activities to the parliament on 6 January. Virtually all parliamentary committees discussed these principles and sent the results of their discussions to the government on 6 May. We are now waiting for the actual language of the law, which we shall handle within 60 days after its submission.

[Kulich] When will that be?

[Vyborny] I only know that this week the government will not be discussing the law on laundering dirty money.

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Meciar's 7 Sep Address to HZDS Supporters

AU2909110995 Bratislava SLOVENSKA REPUBLIKA (SLOVENSKO DO TOHO supplement) in Slovak 16 Sep 95 pp 1, 4, 5

[Speech by Prime Minister and HZDS Chairman Vladimir Meciar at an HZDS rally held at the "Na Pasienkoch" sports arena in Bratislava on 7 September]

[FBIS Translated Text] The holidays are over, the new school year and preparations for the new economic year have started, and everyone is very busy, but there is also plenty of commotion.

There are many things that upset the public at present, so many, in fact, that I do not know whether to start with the worst ones and proceed to the more pleasant ones or to proceed the other way around.

The trade unionists are saying today that they have to protest so that the prices of electricity and gas do not go up. But I have already said—and this remains valid—that the Slovak Government would not permit the prices of either electricity or gas to go up in 1995. Until 1997, we will not touch the prices of apartments, either. As a matter of fact, we do not envisage any movement in this area until 1998. Should there be any change in the price of electricity next year, it will not be a big leap, and it will, at any rate, be announced well in advance so that everyone can properly prepare for it and consider this in his price calculations. And the change must not be such as to aggravate the situation of either the population or businesses.

Regarding the situation in transportation, we are holding negotiations on a system of compensation [for the fare increases that went into effect on 1 July] so that those who commute to work and whose social situation is severely affected by the fares receive this compensation as soon as possible. If the trade unionists had sat down at the negotiating table instead of running around to rallies, this problem could have been settled already. We have essentially already come to an agreement with the employers.

Regarding questions connected with the development of pensions, I can say that pensioners should get a raise any day.

In the sphere of family allowances, too, everything we could settle has been settled. We are going to return to this problem next year. But it is also necessary to return to the problems of young people, young married couples, children, housing.

Favorable Development in the Economy

In domestic developments, we register phenomena that are good, as well as those that are not good. The positive ones include the development of the economy, which is faring well. When we predicted in December a GDP growth of approximately 5 percent for this year, no one wanted to believe us. Yet today's reality is a GDP growth of 6.8 percent!

We suppose that, still this month, we will push inflation down to under 10 percent, and we will ask banks to lower credit interest rates by at least one percent so that our lives become a bit easier again.

There are a great many other positive steps as well. The Slovak koruna should become convertible on 1 October, and you should be able to use it as a medium of payment in states that will respect this fact. And people who possess foreign exchange will be able to use it freely to transfer payments abroad. As I have said already, these measures will go into effect on 1 October and further measures will follow. We are the first postcommunist state to take such a step.

Cheaper Cars on the Domestic Market

The government has decided to abolish the import duty and the import surcharge for passenger cars with an engine volume of up to 1,500 cubic centimeters. This measure should help to lower the price of passenger cars bought through dealers by 25 percent and the price of directly imported passenger cars by up to 30 percent. We have taken this measure because 58.7 percent of the passenger cars in Slovakia are older than 10 years. The nouveaux riches can afford even bigger cars, but the middle class cannot afford to buy them. To give even the less well-to-do a real chance to buy a car in the future, we are negotiating the possibility of importing small vehicles. Unfortunately, there exists no manufacturer of such vehicles nearby. But we continue to explore the possibilities of finding a suitable manufacturer of such cars.

It needs to be said, in connection with the elimination of custom and import barriers, that this step is not directed against the customs union with the Czech Republic. We informed the Czech side in due course. The only aim of this measure is to help people somewhat to afford cars with smaller engines. Workers at Vranov nad Toplou asked me for that, and the government has now fulfilled the promise it gave them.

There Are Problems in Education That Need Not Be

As the new year is starting, teachers are receiving supplements to their pay. At the same time, however, there

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is greater commotion than desirable at schools, especially in southern Slovakia. At some schools, particularly secondary schools, parents did not allow their children to attend school as an expression of disagreement because the government, or, more precisely, the director of the relevant department, dared to replace some principals with better ones.

The question is: Does the law apply to everyone? If so, we cannot tolerate anyone ignoring this law just because he has a different nationality! Secondary schools are elective. If teachers do not want to teach at them and children do not want to attend them, they will not do so. We are a democratic government that is not going to force anyone.

Case of Damaging Slovakia Abroad

But there are also other lingering problems that have stirred the domestic political scene. We did not have any silly season during the summer holidays. Although it would have been necessary to take a rest, the summer days were hot not only in terms of climate but also a little bit politically.

From the viewpoint of domestic issues, we are still facing the problem of learning to coexist despite holding different political views. There are problems among constitutional officials, among political parties, among everyone. Yesterday (6 September—editor's note) the president named almost everyone, forgetting somehow to mention only himself.

During the last month alone, he made us famous three times in the world—the first time during his visit to the United States, by his remarks for the radio, which were picked up also by other news agencies. These statements were not true and damaged our state. The second time was in some interviews he gave to various dailies, in which he also damaged the state. This is no longer a question of whether we like one another or not. The issue is that the essence of the state system must not be lowered in esteem. This system is democratic regardless of how someone may interpret some specific step of our democracy.

And the third time was when he made us famous through his son. I do not intend to profit and score political points from the president's personal misfortune. But one should admit that, to a certain degree, he has brought about these developments by his own doing. He could have honestly confessed everything right at the beginning, and the matter did not have to go that far. As regards the question of his resignation (the prime minister was reacting to the participants' powerful chanting: STEP DOWN!—editor's note), the president has let it be known that he will not resign under any circumstances. We therefore continue talks with further parliamentary parties and are patiently collecting the necessary 90 votes for parliament.

Essentially, there exist two groups of views. The supporters of the first view say: The first president of the Slovak state was hanged. We have elected this one for five years so let us endure him the way he is! Even if those who uphold this view disagree with him as a person [sentence incomplete as published]. The second group clearly says that he damages the interests of the state and provokes internal political crises. Let us therefore part with him in a constitutional way earlier so that the country can develop normally.

As for government bodies, we would be able to live even in this tension. However, a different matter is how citizens receive this and what sort of impression this makes abroad. It damages us in every respect.

Steps To Further Improve the Development

The other problems that exist at present are connected partly with education, an issue we have already discussed, partly with the trade unions, and partly with the opposition parties' stands.

Regarding the tasks that await us until the end of the year, it is necessary to call attention to the present session of the National Council of the Slovak Republic and the subsequent session, which will probably not be held before November. We want to have the law on the budget for next year ready soon. We would like to have the positive development of the economy, which should be even more dynamic than this year's development, firmly embedded in this law.

We want to prepare the government's schedule of work, the schedule of legislative work, the general agreement with the trade unions, and the agreement with towns and communities. We will come up with proposals for talks and agreements with political entities in the opposition, so that they consider the degree of their being in opposition. As regards the questions of economic and social development, we view them positively. In the political sphere, our endeavor is to come to an agreement. We expect to submit to the November meeting of the National Council of the Slovak Republic an amendment to the law on the referendum so that the referendum becomes a feasible option available to the people in the event of problems, the decision on which must be made by all citizens.

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Bohunice Power Station Management Describes Future

LD2809144195 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1100 GMT 28 Sep 95

[FBIS Translated Text] The present and the future of Jaslovske Bohunice nuclear power station was discussed at a Bratislava news conference today by the nuclear power station's representatives on the occasion of commissioning the plant's fourth block. Bernard Hornak reports:

[Hornak] Tibor Mikus, director of the Jaslovske Bohunice nuclear power station, said first of all that the power station's existence used to be questioned in the past. In his view, the individual blocks admittedly do not reach the parameters of new nuclear power stations, but they do have a good technical standard. At present, four blocks are in operation in Bohunice: two types of V-230 reactors have been installed in two blocks of V-1 power station, and improved V-213 reactors have been used in V-2 power station blocks.

The power station representatives talked about the process of increasing the security and production reliability standards of V-1 blocks. A significant step in this direction was made after 1990, after a number of national and international expert missions were undertaken. It was on the basis of their recommendations that a number of measures were taken within the framework of the so-called small reconstruction. The marked improvement in the security and reliability standards in the production of V-1 nuclear power station was reflected, among other things, in the reduction of probability of a serious accident by one-half, in marked reduction of the risk of harming the active zone of the reactor as a result of possible fires, and in other spheres.

The journalists were interested to know how the representatives of Bohunice nuclear power station explained the requirement of Electricite de France and Bayernwerk companies in connection with the completion of Mochovce nuclear power station, namely the requirement to close Bohunice.

Director Tibor Mikus said that it was within his power to reply only to questions connected with Bohunice. He said, however, that there is an alternative for mankind in the near future to nuclear power. Power consumption will grow. Electric power consumption in Slovakia grows annually by 3 to 5 percent. This was also said in reply to the above question.

Tibor Mikus stressed that, I quote: Increasing nuclear safety is an endless process; we are responsible for this power station running safely and reliably. We are doing all we can so that the resources of this Republic are used as efficiently as possible.

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Official Views Conditions of Minority in Romania

AU2909095395 Budapest MAGYAR NEMZET in Hungarian 28 Sep 95 p 13

[Interview with Sandor Vogel, staff member of the Hungarian Foreign Affairs Institute, by Gabriella Csonka; place and date not given: "Europe Is a Common Interest"]

[FBIS Translated Text] Sandor Vogel, staff member of the Hungarian Foreign Affairs Institute, gave us an interview about the conditions and opportunities of the ethnic Hungarians living in Romania.

[Csonka] What chances does the Democratic Union of Hungarians in Romania [UDMR] have in asserting the rights of national minorities when collective rights are also not properly formulated in international documents?

[Vogel] In my opinion, it is not the task of a body that represents the interests of a national minority to limit itself to the level of current international documents; its task is to formulate its own interests. National minorities naturally demand more than has been stipulated in international documents. Generally, these documents contain the formulation that national minorities can exercise their individual rights in groups. The Hungarian-Slovak Basic Treaty is an example of this, too. Although one can presently notice stagnation in guaranteeing national minority rights, if an ethnic minority gives up the legal road and does not represent its own interests, it will get into a hopeless situation sooner or later.

[Csonka] Are there any realistic chances for the autonomy efforts of the ethnic Hungarians living in Romania?

[Vogel] Theoretically, a majority democracy is not suitable for treating national minority rights adequately. The minority can always be voted down in a majority democracy, as the case of the Romanian education law showed. However, strategic goals must be clear. The demands of the RMDSZ cannot be interpreted in a way that the ethnic Hungarians in Romania are demanding things that are unparalleled in Europe. Instead, I see an essential contradiction in the fact that the Romanian legal concept is still characterized by the idea of the centralized national state. At the same time, the Romanian Constitution contains articles referring to national minority rights, but these rights refer strictly to individuals. At present, the RMDSZ is trying to formulate a personal, local, and territorial autonomy plan that would not require the modification of the Romanian Constitution.

[Csonka] In a threatened situation, what are the opportunities of the ethnic Hungarian minority?

[Vogel] If a political or social-psychological situation emerges in which a community feels threatened, it will become radical or will emigrate. The use of force on the part of the Hungarian minority is out of the question. It is necessary to stress this, because many people treat ethnical conflicts alike. The Hungarian national minority has never used violent means in the course of history.

[Csonka] What common basic principles could one start from in improving Hungarian-Romanian relations?

[Vogel] European integration is the most important common interest. We must strive to also make Romania aware of this. However, we must also take into account that Romanian foreign policy greatly depends on Romanian domestic policy. Although some of the Romanian political forces are striving to get into Europe, they cannot give up the idea of a centralized national state either.

[Csonka] It seems that Romania "sticks out" slightly from the list of countries awaiting integration. What problems are involved in the timetable of integration?

[Vogel] Hungary is definitely not interested in isolating Romania. Not only because of the ethnic Hungarians living in Transylvania, but also because of strategic considerations, one should avoid making Hungary the border state of an integrated Europe. The pet hobby of Romanian foreign policy is that one should not differentiate between the Visegrad Four and Romania. They also protested against not-simultaneous NATO membership by claiming that this would cause tension in the region. Hungary should be careful not to let Romania vault the obstacles to its integration.

[Csonka] What reasons, and what real or imagined objections are hindering the signing of the Romanian-Hungarian basic treaty?

[Vogel] Most Romanian political forces are objecting to the stipulations of Article 11 and 12 of Proposal No. 1201 of the Council of Europe. They arbitrarily interpret it as containing collective rights and ethnic autonomy. Although Article 11 guarantees administrative autonomy and the right to special status, it only does so as an individual right, and this does not contradict the stipulations of the Romanian Constitution. The extremists' fear of losing territory is the real reason behind the failure to sign the basic treaty. They believe that autonomy is the first step toward secession. Quite the contrary: This would reduce the separatist efforts.

Horn Gives Up Plans for Government Reshuffle

LD2809204295 Budapest MTV Television Network in Hungarian 1830 GMT 28 Sep 95

[FBIS Translated Text] The HSP's [Hungarian Socialist Party] presidium is still in session about the future of the

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coalition. Our reporter, Krisztina Antalfy reports from the scene:

[Antalfy] A short interim briefing has just ended where Sandor Csintalan, deputy executive chairman of the HSP said that the result of tonight's consultation so far was that, in the interest of settling the coalition dispute, the prime minister had given up his plans for a reshuffle in the government and would not take any steps which would violate last year's coalition agreement.

The prime minister, as party chairman, sensing public expectations to end the coalition dispute, wishes to put the main emphasis in governmental work on the resolution of the economic problems. Since he has became the focus of arguments, Gyoergy Janosi has decided to withdraw from the nomination for government in the interest of facilitating the cooperation of the coalition.

The presidium was supportive of the prime minister's announcement that he considered the analysis regarding the government's work so far completed and the dispute with the coalition partner in connection with this closed.

The consultation of the HSP presidium and the Socialist government members is still under way.

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Silajdzic: Sarajevo 'Most Difficult' Issue in Talks

AU2809175595 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 28 Sep 95

[Report by an unidentified correspondent with a statement by Bosnia-Herzegovina Prime Minister Haris Silajdzic to the Sarajevo City Council and other guests in Sarajevo on 28 September—recorded]

[FBIS Translated Excerpt] [Correspondent] The City Council session attracted the attention of a great number of ambassadors accredited in Bosnia-Herzegovina, who attended the session. The session was also attended by Mayor of Barcelona Mr. (Pascal Maragali). The honored guests and deputies had the opportunity to hear Bosnia-Herzegovina Prime Minister Haris Silajdzic, who, addressing the status of Sarajevo in the light of the peace negotiations, stressed the following:

[Silajdzic] The fact is that the peace negotiations have devoted the least attention to the status of Sarajevo because it is the most difficult issue. It is always treated as a point that will be agreed some day in the future. This is a very difficult, an extremely difficult issue, probably the most difficult, simply because the enemy believe that it is their trump card in the entire game and obviously do not want to end the siege of Sarajevo, precisely because they believe that the issue of Sarajevo [words indistinct] certain solutions that suit them. The fact is, however, that the situation is somewhat, or rather significantly, different from what it was when we negotiated in Geneva. That is probably why negotiations on the status of Sarajevo will be somewhat different, at least I hope so.

In the present situation, the enemy will probably be a little more reasonable for many reasons—not only in the case of Sarajevo, but over the comprehensive peace solution—[words indistinct] that there are many elements that imply that a speedy, peace solution is possible. Provided, of course, that something major does not go wrong. [Words indistinct] it is not news that we are far superior and that the enemy is weaker.

[Correspondent] In the debate that followed Mr. Silajdzic's address, all the participants agreed that Bosnia-Herzegovina and peace in Bosnia-Herzegovina would not be possible unless Sarajevo remained a free and undivided city. [passage omitted]

SDA Presents Perspectives on Various Matters

Discusses Peace, Federation

AU2109164795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 21 Sep 95

[Report by Velida Kulenovic]

[FBIS Translated Excerpt] The Party of Democratic Action [SDA] of Bosnia-Herzegovina held a regular news conference in Zenica today on the peace negotiations about Bosnia-Herzegovina, issues regarding the Federation, and the return of refugees to the newly liberated territories in Bosnian Krajina. Velida Kulenovic reports:

[Kulenovic] The peace process for Bosnia-Herzegovina is moving along two tracks. One of them involves the diplomatic activities of the representatives of the highest authorities of the republic and the federation, and the second involves the liberation operations by the Army of Bosnia-Herzegovina. This was stated by Ismet Grbo, director of the Center for Analysis and Public Relations. The talks between President Izetbegovic and Croatian President Franjo Tudjman and President Izetbegovic's visit to London, where he is holding talks with British diplomats, could be seen in that light. The latest successes of the Army of Bosnia-Herzegovina certainly represent worthy support for the talks on the peace process.

SDA Secretary General Mirsad Ceman stressed the continuation of the process of building the federation through the setting up of the fifth, Zenica-Doboj Canton. This has created the conditions for the further implementation of the Constitution of the Federation in that region. Although the representatives of the HDZ [Croatian Democratic Community] did not take part in the setting up of the canton, the SDA will try continue the process of implementing the Constitution of the Federation, Ceman stressed, adding that a number of ministers of Croat nationality should be involved in the work of the federal government. [passage omitted]

Confirms Commitment to Borders

AU2809202495 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 28 Sep 95

[FBIS Translated Excerpt] The future developments in the peace process in Bosnia-Herzegovina, the constituent session of the cantonal committee of the Party of Democratic Action [SDA] in Orasje, the elections in Germany, and the activities of the party in the newly liberated towns in the Una-Sana Canton were covered at today's regular news conference by the SDA of Bosnia-Herzegovina. Ismet Grbo, Osman Brka, and Timur Numic spoke at the news conference.

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Ismet Grbo said that the peace process in the Republic of Bosnia-Herzegovina was topic number one in the international media and the domestic public. He stressed the efforts by the domestic politicians and the international community to preserve and reiterate the sovereignty and integrity of the Republic of Bosnia-Herzegovina. That is what confirms our struggle, the views of the SDA of Bosnia-Herzegovina, and its policy commitment to fight for a free Bosnia-Herzegovina within its internationally recognized borders, Grbo said. He said that a cease-fire agreement will be broached next at the peace negotiations. [passage omitted]

Views Mostar Problem

AU2809203895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 28 Sep 95

[Report by Fazlo Dervisbegovic from Mostar]

[FBIS Translated Excerpt] Mr. Safet Orucevic, Mostar mayor and member of the Executive Committee of the Party of Democratic Action [SDA] of Bosnia-Herzegovina, has been informing the members of the SDA Regional Committee in detail about the situation in Mostar.

The solving of the Mostar problem is the key to the solution—today's session concluded—to all the problems in the Herzegovina region. Therefore the SDA Regional Committee for Herzegovina demands from the president and vice president of the Federation of Bosnia-Herzegovina, and the top officials of the SDA and the Croatian Democratic Community [HDZ] that the decisions of the Government of the Republic and Federation of Bosnia-Herzegovina be implemented on the entire territory under the control of the Bosnia-Herzegovina Army and the Croatian Defense Council [HVO] as this was the condition for the final constitution and functioning of the lower bodies of authority in the cantonal and other structures.

All the necessary preconditions have been created for holding the session of the Neretva Canton, the committee believes, and the president and vice president of the Federation of Bosnia-Herzegovina will be sent a letter to determine the time and location for holding the session, since the Croatian side has on several occasions rejected the holding of the session of the Neretva Canton Assembly.

The SDA Regional Committee for Herzegovina insists on a consistent implementation of the Federation Constitution and the Memorandum of Understanding in the Mostar region so that freedom of movement can finally be guaranteed, a joint police force formed, and the return of the expelled people to Mostar and other parts of the Neretva Canton secured. [passage omitted]

SDP Highlights State Sovereignty, Independence

AU2709173095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 27 Sep 95

[Report by Samir Huseinovic on the news conference by the Social Democratic Party in Sarajevo on 27 September—recorded]

[FBIS Translated Excerpt] The Social Democratic Party [SDP] believes that it is too early to give a final assessment on the results of the peace negotiations.

SDP deputy chairman Zlatko Lagumdzija stresses that the most fundamental issue is the survival of Bosnia-Herzegovina under the conditions provided in the first point of the agreement, according to which Bosnia-Herzegovina remains a sovereign and independent state. How this will be done, and whether the central institutions will have authority over the entire territory of Bosnia-Herzegovina, which would enable the reintegration of our state, are the issues that are given top priority in the SDP. It is very important that the central institutions—and the SDP believe that these should be the presidency, the government, and the parliament—are discussed and agreed on before the debate on the maps is opened. [passage omitted]

Expressing concern for the freedom of political activities on the territory of Bosnia-Herzegovina, Zlatko Lagumdzija stressed the necessity of providing the conditions at the negotiations that would enable political parties to be active both on the territory of the federation and the territory of the so-called Serb entity. Of course, the parties that have conducted genocide and taken part in it with particular enthusiasm [words indistinct] must be held accountable for their crimes. [passage omitted]

'Deserter': Yugoslav Military, Police Aid Serbs

LD2809213095 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1700 GMT 28 Sep 95

[FBIS Translated Text] A chetnik deserter from [the Serb-held area of] Bosanski Samac recently fled to the free area of Bosanski Samac. We can easily conclude from his statement that the Serbs in the occupied parts of Bosnian Posavina have received copious assistance from the army of the so-called Federal Republic of Yugoslavia [FRY], as well as its police force. Our correspondent Tihomir Bijelic recorded the deserter's statement: [Begin "Deserter" recording] In these recent events I heard that some five or six busloads came from the Federal Republic of Yugoslavia. It is claimed that the buses were full of volunteers, but I doubt that very much. They are soldiers of the regular army of the FRY, judging by their behavior in the bus—calm and proper without incident.

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However, the FRY police are also currently on the left bank of the river Bosna, that is, around Odzak or the so-called Vukosavlje. All able-bodied men are being rounded up and sent to the western Krajina battlefield. [end recording]

Increase of Croat-Bosniak Skirmishes Feared

AU2809165695 Paris AFP in English 1621 GMT 28 Sep 95

[Report by Diane Bartz]

[FBIS Transcribed Text] Zagreb, Sept 28 (AFP)—Tensions between Bosnian Moslems and Croats, now allied to fight the separatist Serbs, sporadically turn into firefights, but diplomats are hoping both sides will realize their best bet is to remain united.

With the separatist Croatian Serbs largely defeated in offensives in May and August, the Croatian Army, backing Bosnian Croats with heavy artillery, pushed into western Bosnia early this month, thus securing its own border from Serb attack.

But occasional skirmishes in areas where both the Moslem-dominated Bosnian Army and Bosnian Croats have forces have raised fears that the alliance could collapse if and when the threat posed by the Serbs is defeated.

"I have a feeling that there is a risk of a new conflict when they have settled their problem with the Serbs," a UN military official speaking on grounds of anonymity told AFP. For "now, they have a common enemy."

Fears of a relapse into the bloody Moslem-Croat fighting seen earlier in the Bosnian war pushed the United States to encourage the Croatian and Bosnian presidents to sign an accord last Tuesday pledging to divide the newly conquered territory at the negotiating table not the battlefield.

The original burst of Moslem-Croat fighting was ended with a US-sponsored peace agreement signed in March 1994.

The key question now is whether Croatian President Franjo Tudjman is willing to give up his suspected ambition of a carving out a Greater Croatia from Croatian and Bosnian territory.

While the raising of the Croatian flags by Croatian Army troops in the Bosnian towns of Jajce, Glamoc and Drvar in recent weeks have raised eyebrows, diplomats here are hoping the incidents are not indicative of Zagreb's long-term thinking.

"At the end of the day, Croatia has two objectives: to protect its borders and to gain entrance to the European Union," an optimistic European diplomat said here privately.

"Croatia has made no secret of its desire to create a buffer zone," the diplomat told AFP, but added. "I don't think that it's any great secret that this has caused consternation in Sarajevo."

Observers say that instead, a strong Bosnia could protect Croatia from any Serbian plans for future expansion, without Zagreb angering the international community by ordering its troops to seize patches of its smaller neighbor.

If Zagreb were to lay permanent hold to large swathes of Bosnia it could anger Washington, which backed Zagreb's offensives in May and August to reconquer territory occupied by separatist Serbs.

"The relationship between Zagreb and Washington is more important for Zagreb than people realize," a second European diplomat said.

Bosnia's Moslem-Croat Federation, set up under the peace agreement signed last year in Washington, has not become as strong as the United States had hoped, but further accords on Bosnia's future provide a legal basis for holding back Croatia from directly seizing Bosnian territory.

"It's important in that it's a commitment on the part of Croatia. It is important in that it is markers of behavior," a US official told AFP.

Meanwhile, a second UN military official told AFP the reported skirmishes between the Bosnians and Croatians may have slowed the combined offensive that began September 9 and swept through nearly 5,000 square kilometers (2,000 square miles) of northern and western Bosnia.

The offensive followed two weeks of NATO airstrikes and pushed Serb holdings in Bosnia from 70 to about 50 percent, about the same percentage that the Serbs will be due to hold under the current US-sponsored peace plan.

Bosnian Serbs may still hold the central Bosnian town of Mrkonjic Grad because of jockeying over whether government forces or Bosnian Croat/Croatian forces take it, the UN official said.

The Bosnian Army has the troops but not the artillery, and the Croats have the artillery but not enough troops to overrun the town, a second UN military official said.

"Neither can take it alone," he added.

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HDZ's Kordic Protests on County Practice

LD2209190995 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1600 GMT 22 Sep 95

[FBIS Translated Text] In response to the illegal session of the constituent assembly of the Zepce-Bobovac grand county [velezupa; Zenica canton], Dario Kordic, chairman of the Croat Democratic Union [HDZ] of Bosnia-Herzegovina, has sent a protest to Alija Izetbegovic, chairman of the Party of Democratic Action, and the countries sponsoring the Bosnia-Herzegovina Federation.

Kordic stressed that the HDZ of Bosnia-Herzegovina does not dispute the fact that the Zepce-Bobovac grand county is a grand county with a Bosniak Muslim majority, but it considers completely unacceptable the degrading attitude toward the Croat people in that grand county, which became clear when the fact that Croat representatives did not take part in the session of the constituent assembly was completely ignored. We are again pointing out the position of the Croats as one of the two equal nations in Bosnia-Herzegovina, which is building the Federation of Bosnia-Herzegovina together with the Bosniak Muslim nation. This is stated in the protest by Dario Kordic, which was lodged with Alija Izetbegovic.

MBO Dissatisfied With Assembly Sessions

AU2209180295 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 22 Sep 95

[Report by Samir Huseinovic on news conference by Muslim Bosniak Organization in Sarajevo on 22 September—recorded]

[FBIS Translated Text] The Muslim Bosniak Organization [MBO] believes that separate sessions of the assemblies of the Republic and the Federation of Bosnia-Herzegovina in two towns and on two days are a sign of carelessness and political irresponsibility of the organizers of the sessions. According to this party's officials, the assembly of the federation could also have been held in Sarajevo. Mujo Kafedzic, vice president of the MBO main committee, expressed concern over the continued absence of the deputies of the Croatian Democratic Community [HDZ] from the Republic of Bosnia-Herzegovina Assembly sessions. This casts doubt on the reportedly increasingly better relations between the Party of Democratic Action and the HDZ, which is supported by the fact that refugees cannot return to the parts of Bosnia-Herzegovina controlled by the Croatian Defense Council. The MBO considers irresponsible all those who are [word indistinct] federation but conceal the reasons for this obstruction.

The latest session of the republican assembly did not yield the results for which the assembly session had been called. The views of the deputies were not binding on anyone and the questions that could be heard at the assembly session went unanswered. According to the Constitution of the Republic and the Federation of Bosnia-Herzegovina, the citizens have the right to be informed about all issues that concern the state and its fate. Judging from the explanations given, Kafedzic says, it is not certain whether any document about the Republic of Bosnia-Herzegovina was signed in Geneva or not.

The MBO believes that President of the Presidency Alija Izetbegovic should take a stance toward Bender's address and his claim about the allegedly agreed division of Bosnia-Herzegovina. The silence in connection with this is highly harmful and counterproductive.

On this occasion the MBO congratulated the units of the Bosnia-Herzegovina Army and the Croatian Defense Concil for brilliant successes in the latest liberating actions. Mujo Kafedzic described these moves as an extremely significant contribution of the armed formations to the struggle for preservation of the integral Bosnia-Herzegovina.

The MBO hails the initiative for the demilitarization of Banja Luka and its inclusion in the Republic and the Federation of Bosnia-Herzegovina. Finally, Mujo Kafedzic stressed that the government of the republic and the federation must insist on this demand because it represents a big step in the reintegration of our country.

'Ethnic Cleansing' of Civilians 'Succeeding'

AU2709125395 Paris AFP in English 1219 GMT 27 Sep 95

[by Diane Bartz]

[FBIS Transcribed Text] Zagreb, Sept 27 (AFP)—Ethnic "cleansing"—the murder and expulsion of Moslems, Croats and sometimes Serbs in former Yugoslavia—has horrified the world but is, in fact, succeeding.

The number of refugees is staggering—290,000 since early July with the total number since the war began being about two million. An unknown number have been killed, and huge chunks of territory are abandoned save for soldiers and looted homes with piles of belongings left rotting in the mud.

The population movements mean that formerly ethnically mixed territories are now basically Croat, Serb or Moslem. The south and west of Bosnia could end up mainly Croat, the north could remain Serb and central Bosnia would be left to the Slavic Moslems.

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About 90 percent of Bosnia has been ethnically purged, and UN officials say privately that this near ethnic purity clears away barriers in the way of the success of the U.S.-sponsored peace initiative.

Most of the refugees will not return to their homes, according to the analysis of Mans Nyberg of the UN High Commissiner for Refugees.

"They will end up in places that Bosnian, Croatian, Bosnian Croat and whatever other authorities there are, decide that they want to repopulate with their own ethnic group," said Nyberg.

Even Sarajevo, with its oft-stated dedication to multi-ethnicity, changed its mind about accepting some 100,000 refugees from Croatia over the weekend.

It is believed in Zagreb that the decision was changed when the government realized the returnees were primarly Bosnian Croats.

In Bosnia, 80,000 Serbs fled a Bosnian government offensive this month to Banja Luka, while 22,000 Croats, Moslems and others have been expelled from Banja Luka in northern Bosnia to Croatia since early August.

A steady trickle of Moslems from Banja Luka has headed south to central Bosnia as groups of a few dozen or hundred arrive in the front line town of Turbe once or twice a week.

In July, 40,000 Moslems fled Zepa and Srebrenica after the enclaves fell, with most ending up in central Bosnia and a few in the northwestern town of Bihac.

In central Bosnia, 70,000 Croats fled fighting between Bosnian Moslems and Croat forces, heading south to Croat-dominated Herzegovina.

In Croatia, 170,000 Krajina Serbs fled after an August offensive to reclaim territory seized in 1991.

Their homes were burned by Croats, perhaps some of those, whose houses were torched in the first convulsion of fighting four years ago. An estimated 100,000 Croats fled from Krajina in 1991.

Another 100,000 Croatians left Eastern Slavonia, a tiny swathe of territory still held by Croatian Serbs.

In 1991, the population of Bosnia was 4.4 millions while Croatia had 4.8 millions.

Despite the horrors, Curt Goering, deputy executive director of the human rights group Amnesty International, said he had seen officials arrest people who tried to exact revenge on Serbs in the central Bosnian town of Tuzla, where many refugees from Zepa and Srebrenica ended up.

"The attitudes towards Serbs were pretty hard. Yet we found officials in Tuzla, people who were very concerned about preventing retribution," said Goering. "But you don't see it at the highest levels."

Perhaps it is because Belgrade, the sponsor of the Bosnian Serbs, has been spared the horror of war that it is one of the more tolerant cities in the Balkans.

More than one thousand Moslems who escaped from Zepa and Srebrenica ended up in Serbia, says Nyberg.

"The atmosphere in Belgrade itself is not intolerant. It has always been quite a cosmopolitan place. People dont even turn their head when they see Moslem headgear," he said.

UN Urges Sides To Deal With Rights Issues

AU2709125195 Paris AFP in English
1216 GMT 27 Sep 95

[FBIS Transcribed Text] Helsinki, Sept 27 (AFP)—Elisabeth Rehn, due to be nominated as the new UN human rights envoy in the former Yugoslavia, said Wednesday [27 September] that any negotiated settlement to the Balkans conflict should consider the human rights angle.

"Human rights are such a key part of the peace process in Bosnia-Herzegovina that they should be included in negotiations and in their final outcome," Rehn, a former Finnish defence minister, said.

Ongoing negotiations, which produced a second key agreement Tuesday in New York between Bosnia's warring factions, have thus far concentrated on territorial division and constitutional arrangements in the former Yugoslav republic.

Rehn, 60, stressed her candidacy was strengthened by the fact that she, as a woman, was in a strong position to appreciate the myriad atrocities committed against women in the brutal 42-month Bosnian conflict.

"The victims of the war are mostly women," she said. "They can feel the support if the UN rapporteur is also a woman."

Rehn's nomination as the UN rapporteur had still not been announced by early Wednesday afternoon, but the Finn was expected to be named sometime during the day as the successor to former Polish premier Tadeusz Mazowiecki, according to the Finnish Foreign Ministry.

Mazowiecki resigned in protest in July following the fall of the east Bosnian Moslem enclaves of Srebrenica and Zepa, supposedly UN-protected "safe areas."

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Developments in Plight of Refugees Viewed

Gracanica Serbs Desire Return

AU2509212895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 25 Sep 95

[FBIS Translated Excerpt] The Gracanica citizens of Serb nationality, who had fallen for the stories of the criminals from Pale, left their homes at the beginning of the war and fled from Gracanica. They have recently discovered that they had been deceived by the lies of the Pale criminals, and now they want to go back to Gracanica.

A number of Gracanica citizens of Serb nationality had stayed on to live in their homes. The Serbs that have stayed in Gracanica live no better or worse than their neighbors, the Bosniaks and Croats. Bosnia-Herzegovina Army member Lazo Cigleja says: I am a Bosnian. Bosnia is my country. Criminal Karadzic has no right to speak on my behalf.

Hasan Calic reports from Gracanica:

[Begin Calic recording] [Passage omitted] The question arises why some of the Gracanica Serbs, about 2,200 of them, left their own town. They thought that their brothers on Mt. Ozren would receive them with open arms, but they were mistaken. Those who stayed on Mt. Ozren had to go into the trenches, while those who had some money left for Belgrade and other Serbian towns, and for European countries. Realizing that they were deceived by criminal Karadzic, many Gracanica Serbs would now like to return. Boro Nedeljkovic, for example, has been tirelessly sending messages to the Muslims in Gracanica, expressing his desire to return.

Those that have remained loyal citizens in the Republic of Bosnia-Herzegovina live lives no better or worse than their Muslim and Croats neighbors.

Lazo Cigleja, Gracanica-born member of the Bosnia-Herzegovina Army, says: [end recording]

[Begin Cigleja recording] I have no other homeland by Bosnia-Herzegovina. It is my only homeland. Gracanica is my town, and I feel in my town as do the other people with whom I live and share everything that has befallen us. As a man first and foremost, I want to say- I have said this many times, and I once said this at the assembly in Sarajevo—that a bandit, Karadzic, cannot lead me or say anything on my behalf. In 1995 [words indistinct] to the same people that he promised—and lied to—so much. See where he has taken them.

I would like to use this opportunity, if I may, to ask all decent people that live in that miniparastate of theirs to turn inward, to face the truth [words indistinct].

Russian Refugee Aid Arrives

LD2709224695 Belgrade TANJUG Domestic Service in Serbo-Croatian 2040 GMT 27 Sep 95

[FBIS Translated Excerpt] Belgrade, 27 Sep (TANJUG)—A plane carrying 30 tons of humanitarian aid from Russia intended for refugees in the Banja Luka region arrived at Belgrade airport this evening.

The aid consists of food parcels containing meat, tinned meats, fish, and powdered milk, Dragan Kalinic, minister of health of the [Bosnian] Serb Republic told TANJUG.

This delivery is the first in a series which will in future be arriving every 10 days. An agreement was reached on this between Minister Kalinic; Ljubisa Vladusic, commissioner for refugees and humanitarian affairs of the Serb Republic; and Sergey Shoygu, Russian Minister [for civil defense, emergencies, and natural disasters] in Belgrade last night. [passage omitted]

Croatia Denies Bosniak Entry

AU2809164195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 28 Sep 95

[Report by Nada al-Issa from Zagreb]

[FBIS Translated Text] A message from Banja Luka has today reached the Bosnia-Herzegovina Embassy in Zagreb. In it, a Bosniak woman literally says: The situation is extremely alarming, we fear for our lives. For days now, thousands of people have been waiting in the rain and cold to cross from Srbac into Croatia. The Serbs are expelling us and the Croats will not have us. What will become of us?

The message appeals to the Bosnia-Herzegovina authorities to request the Republic of Croatia to abolish its strange decision banning Banja Luka refugees from Croatia. Even more so as the Bosniaks only need transit [words indistinct] through Croatia, as it is known that the Bosnia-Herzegovina Government immediately sends them back to Bosnia, to newly liberated areas.

Why are the Croatian authorities banning Bosniaks from moving into Bosnia; the question [words indistinct] the Banja Luka citizens. [Words indistinct] Bosniaks from Banja Luka: the [Serb] aggressor authorities are running out of patience with us because we have not left. We are all on lists and we all have to leave. Why is the Croatian Government not allowing us to cross into Bosnia? The exhausted Banja Luka citizens are demanding that the Bosnia-Herzegovina Government ask the Republic of Croatia this question.

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'Persecution of Bosniaks'

LD2809215695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2100 GMT 28 Sep 95

[FBIS Translated Text] As we have already reported, 1,000 Bosniaks, whom the aggressor authorities drove out of Banja Luka region, are not being allowed into Croatia. This evening we have also received news of a fresh persecution of Bosniaks from Bosanski Novi and Bosanska Kostajnica. Here is a report on this by Nada al-Isa.

[Al-Isa] Several thousand Bosniaks from the Banja Luka region have been waiting for three days now to enter the Republic of Croatia. These people are in an impossible situation. They only need a transit visa to cross the Republic of Croatia because, as is well known, the Government of the Republic of Bosnia-Herzegovina has organized, in Davor—where they enter Croatia—their immediate return to the free areas of Bosnia-Herzegovina.

The Republic of Croatia should therefore allow them just 10 minutes of residence so that they may pass through its territory—from their departure from the barge which takes them across the Sava, to their entry into buses which take them back to Bosnia.

Because of these 10 prohibited minutes, thousands of people are suffering in the rain, in the open and in the cold, says a message which has reached the refugees' department of the Bosnia-Herzegovina Embassy in Zagreb.

Worrying news has in the meantime also arrived from Bosanski Novi and Bosanska Kostajnica, where the aggressor authorities have driven about 1,000 Bosniaks from their homes and locked them all up at the Bosanski Novi railway station, in a depot marked Krajina Promet [Krajina Trading Company]. The notorious bands of [Raznjatovic] Arkan [Serbian paramilitary leader] have been helping the aggressor authorities with the expulsion process. These 1,000 Bosniaks are in a terrible situation. For three days now, we have learned, they have received neither food nor water. There are already cases of people falling unconscious from hunger and thirst and torment.

Hence this appeal to the UNHCR and the International Red Cross to send their representatives to Bosanski Novi, to the railway station, where about 1,000 people are as if they were in a concentration camp.

'Using Force' To Enter Serbia

AU2809202395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 28 Sep 95

[FBIS Translated Text] According to reports by UN military monitors, convoys of vehicles on border crossings with Serbia are still waiting to cross over from parts of the former parastates—the Serb Republic and the Republic of Serb Krajina—into Serbia.

Dissatisfied with treatment, accommodation, and the lack of any humanitarian aid, the refugees are even using force in an attempt to cross into Serbia.

In accordance with a decision made by the Belgrade authorities, some of the vehicles yesterday were heading toward the Raca border crossing near Bijeljina, while a large number were heading toward other border crossings: Karakaj near Zvornik and Visegrad.

We have learned that large special purpose production [arms] factories in Serbia have offered to send workers and their families to Valjevo, Pozega, Uzice, Kragujevac, and some other towns where they will be given jobs and housing.

Although such decisions have not yet been made at government level, following the offer, a great number of refugees want to cross into Serbia with a bitter feeling of having been deceived by the now collapsed Karadzic regime.

Prijedor Refugee Numbers Seen

LD2809204795 Belgrade SRNA in Serbo-Croatian 1852 GMT 28 Sep 95

[FBIS Translated Excerpt] Prijedor, 28 Sep (SRNA)—According to the Prijedor municipal commission for refugees, there are about 35,000 refugees in the town, BETA reports.

About 17,000 people have found shelter in 28 refugee centers in the town. About 5,000 refugees are still in the open, in tractors, and trailers, while others have found their own accommodation. [passage omitted]

War Crimes Tribunal To Investigate Mass Graves

AU2609191895 Paris AFP in English 1734 GMT 26 Sep 95

[FBIS Transcribed Text] The Hague, Sept 26 (AFP)—The international criminal tribunal for former Yugoslavia (ICT) said Tuesday [26 September] it had opened an enquiry into the reported discovery of mass graves in the Krasulje region of west central Bosnia.

Bosnian Prime Minister Haris Silajdzic said Saturday that the Bosnian army had found a grave there containing 540 bodies of Bosnians killed by Serbs in 1992.

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ICT spokesman Christian Chartier said here Tuesday that an investigator from the tribunal was in the Krasulje area.

He said his presence "was proof of the wish of the prosecutor's office to keep in close touch with the exhumation of this common grave and any others" that might be found in the region.

Evidence from several sources, gathered by the war crimes documentation centre in Zagreb, an official Croat body, suggests there are other graves near Velagici and Vhrpolje in the same area.

The centre, which received reports of the Krasulje graves two years ago, has 3,000 statements from witnesses, a large number relating to western Bosnia and the area around Banja Luka.

Seven witnesses claim to have escaped the massacre at Karsulje and hidden in local forests. Several women in the nearby village of Velagici reported a massacre of 60 men who were taken into a school that was then dynamited.

Chartier said the ICT would be sending observers to the exhumation of these graves. They would provide technical and legal help during the work and "if necessary participate physically."

If the results produced new information about crimes against humanity it would fall to the prosecutor Richard Goldstone to evaluate their importance and decide whether to open an investigation.

Authorities Disallow Inspection

AU2809153395 Paris AFP in English 1420 GMT 28 Sep 95

[FBIS Transcribed Text] Belgrade, Sept 28 (AFP)—Bosnian authorities have refused to allow the United Nations to send a team of experts to inspect a mass grave discovered recently by Moslem forces, UN spokeswoman Susan Manuel said here Thursday.

Manuel said UN observers had not been allowed to revisit the site at Kljuc in western Bosnia after an initial inspection last Sunday, when the grave was first uncovered.

"The UN visited the area last Sunday and only saw one body," Manuel said, adding that the team was not given time to make a full inspection.

The Bosnian government said Sunday a three-year-old mass grave with 540 bodies had been discovered as Moslem forces advanced into territory held for three years by the Serbs in western Bosnia.

The northwestern region of Bosnia-Herzegovina, notably the Moslem-majority towns of Prijedor, Sanski Most and Kljuc, suffered the worst ravages of so-called ethnic cleansing, the forced expulsion of non-Serbs from the region, from 1992 onwards.

Around a dozen mass graves have already far been discovered in Bosnia and others are expected to be uncovered following the victorious sweep of Croat and government troops through western Bosnia in the past few weeks.

Manuel also said the United Nations was being frustrated by Croatian authorities, who would not allow observers in to the formerly Serb-held Krajina region to assess damage and casualties in the wake of Zagreb's successful offensive into the region last month.

The United Nations saw "during the weeks following the attack more than 100 bodies and many graves," Manuel said. "But we don't have access to records and to determine the numbers buried," she added, stressing that the Croatian authorities were not cooperating.

Croatian forces retook the Serb-held territory in early August having driven out Serb separatists from another region in May.

Thursday, the United Nations said another grave with seven bodies was found in this region. The Croatian news agency HINA said the victims were civilians killed by Serb soldiers in early October 1991.

UN personnel witnessed the exhumation of seven bodies but could not confirm when they were killed or who they were, according to UN spokesman Christopher Gunness.

ICRC Appeal Over Missing Srebrenica, Zepa Men

AU2509162295 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 25 Sep 95

[FBIS Translated Text] The fate of a large number of men, including boys, who disappeared following the chetnik occupation of Srebrenica, is still unknown.

The Tuzla office of the International Committee of the Red Cross [ICRC] has received over 10,000 reports on missing persons. The ICRC has turned to Antonio Pedauye, head of the Civilian Sector of UNPROFOR [UN Protection Force] for Bosnia-Herzegovina, asking him to do what he can with the aggressor's side to find out finally about the fate of the missing men from Srebrenica. The situation is similar concerning the missing people from Zepa. The only information about them is that a group of several hundred people crossed the Drina and is currently in [word indistinct] in Uzice.

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The aggressor's side is still banning the international organizations from reaching the scenes of crime in Podrinje, reports the Muslim agency MINA.

New War Crimes Charges Against Serb Tadic

AU2609152995 Paris AFP in English 1404 GMT 26 Sep 95

[FBIS Transcribed Text] The Hague, Sept 26 (AFP)—The international criminal tribunal (ICT) for ex-Yugoslavia announced on Tuesday [26 September] that it has brought new charges against Bosnian Serb Dusko Tadic, the only war crimes suspect in UN custody.

ICT prosecutor Richard Goldstone decided to press additional charges of crimes against humanity and the deportation of civilians in western Bosnia, said ICT spokesman Christian Chartier.

Tadic will be tried for crimes "committed between May 23 and December 31, 1992 in the Omarska, Keraterm and Trnopolje camps" in northwestern Bosnia, Chartier said. He is also accused of violating the Geneva conventions during the same period for his alleged role in the "illegal deportation" of Moslems and Croats from the Prijedor region.

These charges come on top of a November 1994 indictment which accuses Tadic, 39, of mistreating and beating to death four prisoners in the Omarska camp in mid-1992. The original charges also state that Tadic killed nine men during the forced evacuation of the Moslem villages of Sivci and Jaskici.

Tadic will appear before the tribunal on October 24 for a preliminary hearing regarding the new charges.

The court will also hear motions brought by Tadic's lawyers to exclude some of the evidence against their client.

Invoking the legal principle of "non bis idem," or "double jeopardy"—which says that someone cannot be tried twice for the same crime—the lawyers have argued that all evidence seized by German authorities and forwarded with the suspect to The Hague should be exluded from the trial. Tadic was arrested in February 1994 in Germany, where another proceeding against him was dropped.

The ITC for ex-Yugoslavia has thus far indicted 43 persons, all of them Bosnian Serbs except for one Croatian.

Karadzic, Pale Officials on New York Agreement

AU2809190995 Banja Luka Srpski Radio Network in Serbo-Croatian 1800 GMT 27 Sep 95

[FBIS Translated Text] Here are statements by the members of the Serb Republic's [Serb-held entity in Bosnia-Herzegovina] negotiating team:

Dr. Koljevic, deputy president of the Serb Republic, stated that the principles contained in the document secured no supremacy in the Bosnian triangle for the wishes of the Muslim-Croat coalition to separate and dominate the Serbs. The Serbs were now granted not only equality but also mechanisms for limiting supremacy.

Aleksa Buha, foreign minister of the Serb Republic, stated after the session in New York last night that he was satisfied with this round of negotiations, since the Serb Republic had been made official by the five greatest international powers, the EU, and the UN. We are now equal to the Muslims and Croats and we hope that soon we will have a document about this, he said.

Dr. Radovan Karadzic, president of the Serb Republic, stated that the New York agreement was a further step towards peace and confirmation of the existence of the Serb Republic, as well as of the equality of Serbs with the other peoples in the former Bosnia-Herzegovina. In the first official reaction to the results of the tripartite summit in New York, Dr. Karadzic said that the agreement reached in New York represented further establishment of the principles adopted in Geneva on 8 September, which were based on a recognition of the realistic situation, the equality of the Serb Republic and the Muslim-Croat Federation, and the fact that three peoples exist in this area. President Karadzic also said that last night's agreement was a further step towards peace, and all those who wanted the war to continue would have a hard time trying to annul the results of the conference. He concluded his statement by saying that a political solution might be expected in the near future, which might be painful for all three sides to the conflict, but that the values that peace would bring would prevail.

Miroslav Toholj, minister of information, stated that the peace negotiations on the former Bosnia-Herzegovina are a form that will lead to the final end to the war, since this is what the great powers want. Commenting on last night's New York agreement of the Yugoslav, Croatian, and Muslim side, Toholj emphasized that a long-term process had started before the former Bosnia-Herzegovina was recognized, and that it would end with the independence of the Serb Republic; that is, with its unification with the FRY.

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Ruling Party's Ostojic on New York Agreement

LD2809133695 Belgrade SRNA in Serbo-Croatian 1156 GMT 28 Sep 95

[FBIS Translated Text] Sarajevo, 28 Sep (SRNA)—Velibor Ostojic, president of the executive committee of the Serb Democratic Party of Serb Lands, described the New York agreement on the constitutional set up of the former Bosnia-Herzegovina as "yet another big step toward the goal aspired to by the Serb people in the Serb Republic."

"Through these documents the Serb Republic has officially become an international player; the Serb people have won a political victory over the biased international community," Ostojic told SRNA.

According to Ostojic, the Serb people, "having won equal treatment for the state system in the former Bosnia-Herzegovina, have crowned their fatherland war with a state and have acquired the position for self-determination."

"It can justifiably be said that the Serb people in the Serb Republic, with assistance from their mother country, are on the path of realizing their centuries-old dream," Ostojic said.

Mladic Arrests Officers Collaborating With FRY

AU2809201195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 28 Sep 95

[FBIS Translated Text] War criminal Ratko Mladic, commander of the Serb aggressor forces, today arrested officers whom he holds responsible for the massive losses on the front in battles with the Bosnia-Herzegovina Army and the Croatian Defense Council in northwestern Bosnia, B-H PRESS has reported.

Those under investigation are suspected of collaborating with the government of the so-called Yugoslavia [FRY], which is pressuring the Serb aggressor in Bosnia-Herzegovina to accept the international peace plan. Unnamed sources added that some troops had abandoned their positions around Drvar, Petrovac, Bosanska Krupa, and Kljuc in order to help their families leave for Serbia. The source also said that an increasing number of people living in occupied Bosnia-Herzegovina territory are calling for Mladic's removal.

Serb Army Source Says 'Dirty Game' Going On

AU2809161095 Belgrade TELEGRAF in Serbo-Croatian 27 Sep 95 p 6

[Report by Djoko Kesic and Zoran Lukic: "Banja Luka Coincidentally Avoided Knin's Fate: About a Hundred Special Troops Prevented the Krajina's Fall"]

[FBIS Translated Excerpt] Shortly after arriving in Banja Luka (following a three-hour conversation with President Radovan Karadzic), General Ratko Mladic announced arrests, investigations, and trials of some of his high-ranking officers and presidents of war presidencies of the lost or merely evacuated Krajina municipalities of Jajce, Srbobran [Donji Vakuf], Drvar, Sipovo, Kljuc, [Bosanski] Novi, Prijedor, Sanski Most, and [Bosanski] Petrovac, sources close to the Serb Republic army stated exclusively for TELEGRAF.

It is perfectly possible that the commander of the general staff of the Serb Republic army will be carpeting several commanders: General Tomanovic (commander of the 2d Krajina Corps), General Zec (commander of the 30th Elite Division), as well as several commanders of brigades, battalions, and artillery divisions.

"Somebody has tried and partly managed to play an extremely dirty game based on the scenario of surrendering the RSK [Republic of Serb Krajina]," our source says. "It was the most ghastly and dramatic on the Srbobran-Drvar front where the commander of the Drina Brigade, which held the front from Poljice through Mt. Vitorog to the region above Srbobran, before the Croatian attack ordered his unit to abandon the front and leave an area of about 20 km undefended, so the enemy could pass through it and thereby cut the 30th Division in half and break through onto the Srbobran-Jajce road."

The Serb Republic army general staff does not know the name of that unit's commander (people in the Serb Republic army press center say that the name is Jocic), but the Banja Luka mayor, Predrag Radic, confirming the report on the withdrawal, says the following: "His name will certainly be known and he will be prosecuted for this shameful act."

Our reliable source further says that in the wake of the 30th Division being torn apart, general confusion ensued and Gen. Zec demanded to be urgently admitted to the Banja Luka clinical center because of cardiac problems.

In fact, the real story started with a meeting between Slobodan Milosevic and Gen. Mladic, at which a quarrel broke out. Namely, in conformity with the agreement that he had allegedly reached with Western negotiators, the Serbian president demanded the army withdraw to the agreed border at once. Gen. Mladic demanded that

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the army remained in its current positions until peace is signed, and only later, if need be, have both the army and the civilians withdraw, so that the latter would be able to pack up their belongings in peace and not flee with plastic bags in their hands.

What happened on the ground was the opposite. The presidents of war presidencies were taking reckless and impulsive decisions to evacuate civilians, although, according to the law on the state of war, they were not supposed to do so without the consent of the military commanders in the area. Not a single commander of the eight evacuated Krajina municipalities signed such a decision and, as a result of all that, following the civilians fleeing in panic, soldiers on the front were abandoning their positions and trying to rescue their own families. Fortunately, our source says, some units reacted in a professional and patriotic way, thereby preventing chaos and stopping the enemy's advance, so that Mrkonjic Grad, Sanski Most, [Bosanski] Novi, and Prijedor are still in Serb hands today.

"Had everything followed the dirty scenario, Banja Luka would be deserted today as well and the ustashas would be strutting through Banja Luka," the TELEGRAF's reliable source reveals. [passage omitted]

Our source from the top brass of the Serb Republic army claims that the units of the Serb Republic's ministry of internal affairs were the first to abandon their positions, some of them as early as at Sipovo and Novigrad, even before the fighting started, and that they are linked with Deputy Interior Minister Toma Kovac.

Kovac also invited Zeljko Raznjatovic Arkan to the Serb Republic. Serbian State Security officers Bozovic and Filipovic came with him. What can they be doing here, if it is not the same as the Serbian State Security was doing in the RSK when it fell? If Arkan and his 300 young men are not at the front, there is no need for them to control the terrain. In fact, Gen. Manojlo Milovanovic called Arkan through Karadzic to come to talk to him, but he did not show up. If these youngsters fail to go to the front and put themselves under our command, they will be out of the Serb Republic in three days. To put it simply, our source says, if somebody from outside wants to sweep away the results of our struggle, he will not manage to do so. [passage omitted]

More than 60 foreign journalists and as many domestic ones gathered in Banja Luka recently. The first to leave Banja Luka on Saturday, 23 September, were foreign journalists, which was generally interpreted as a sure indication that the "planned drama" around Banja Luka has come to an end. Foreign colleagues say that the rapid loss of territories previously controlled by the Serb Republic army in fact represents the "tailoring" of the borders to fit the agreed U.S. plan. Serb Republic president [title as published] Dr. Nikola Koljevic told TELEGRAF journalists the following:

"Something like that has not been mentioned at Serb Republic government meetings or in the top leadership of the Serbian Democratic Party. However, judging from the events in the field, this smacks of adjusting borders to the peace that is on the horizon."

Gen. Ratko Mladic has forbidden high-ranking Serb Republic officers from making public statements. However, unofficially they are saying that peace is far away and that the Croats and Muslims are not to be trusted, not even in the event that these peace papers are signed. Peace is not possible until one side suffers military defeat.

Who is tailoring the borders if this is not known even to the top Serb Republic leaders? Nikola Koljevic could not answer this question for us. He only said that this invisible hand is linked with Belgrade. And again, he claims that everything that is happening at the moment, including in the political negotiations under way in Belgrade, is definitely leading to peace and peace is at hand. [passage omitted]

Not a single politician wants to admit that new Bosnia-Herzegovina maps are being drawn behind closed doors and without the people and the army knowing anything about it. There is the impression, however, that the maps are being drawn, so it is not clear what advantage, for instance, the Herzegovina wasteland has over the natural riches and ethnic composition of Glamoc, Grahovo, Drvar, and Petrovac, we asked Predrag Radic.

"President Karadzic has promised that he will severely punish those who adopted the Herzegovina and Sarajevo declarations. It cannot be said that this had no influence on the recent Krajina events. Because somebody is tailoring the maps of the Serb Republic and cutting pieces from Krajina the most. We expect Karadzic to fulfill his promise. Finally, we did not adopt our declaration, which does not mean that we are not going to. These declarations have caused some very harmful political and other consequences in the region." [passage omitted].

Arkan's Volunteers Restore Order, Shoot Deserters

AU2509221195 Banja Luka GLAS SRPSKI in Serbo-Croatian 22 Sep 95 p 3

[Report by Z.K.: "Arkan Shaving Deserters"]

[FBIS Translated Text] The units of the Serbian Volunteer Guard, renowned for their iron discipline and strict observation of all orders and which have been fighting as a part of the Serb Republic Ministry of Internal

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Affairs on its western borders since few days ago, are introducing a similar discipline throughout the territory within its zone of responsibility.

This was most painfully experienced by all those who had left the front without the permission of the incumbent command.

All those who left their units and "run into" one of the platoons of Arkan's fighters were promptly arrested.

What followed was "the shaving of the head," 25 lashes on the "bottom," return to the front, and shame of being a traitor.

As Zeljko Raznjatovic Arkan says, things are getting a lot more serious from now on. Namely, he says, a decree on executing deserters in the worst cases has become effective as of today. The Serbian volunteer guard in cooperation with the incumbent commands will strictly implement this decree.

Serb Official Warns of 'Enemy Propaganda'

AU2909111895 Banja Luka Srpski Radio Network in Serbo-Croatian 1800 GMT 28 Sep 95

[FBIS Translated Text] The enemy is compensating for its military impotence with special warfare, and the most powerful consequences of enemy propaganda were felt during the recent aggression against the western borders of the Serb Republic. Regarding this, Tomo Kovac, deputy minister of internal affairs of the Serb Republic, said the following today:

[Begin Kovac recording] [passage indistinct] some maps, and causing unrest among the people, who may naively believe that, with these maps, their towns and villages are lost, [passage indistinct] the internal problems and connotations regarding [passage indistinct] and many people have, due to cowardice, ignorance, and a lack of the readiness to fight for their [word indistinct] that have always been Serb, and have [passage indistinct] that someone sold them, whether from the political or military authorities, and thus suffer an exodus. [passage indistinct] what it means to be on a tractor with a couple of bundles, and [passage indistinct] then come into such a position.

I think that we are becoming sober about it. I hope that our people are at this moment, regardless of all these [passage indistinct].

We need unity now more than ever. We have information. They have agreed to the Serb Republic and all that, but it is questionable—they will try to crush us until the last moment; both our political and territorial unity. We must persevere, both as a people and as a state. [end recording]

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Granic Meets Iranian, Bosnian Counterparts

LD2809222195 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 28 Sep 95

[FBIS Translated Excerpt] Croatian Foreign Minister Mate Granic continued his intensive diplomatic work in New York this afternoon by meeting the foreign ministers of Bosnia-Herzegovina and Iran, Muhamed Sacirbegovic and 'Ali Akbar Velayati.

Andjelko Perincic reports from New York.

[Perincic] Although diplomatic contacts between Croatia, Bosnia-Herzegovina, and Iran recently have been very close, New York offered another opportunity for a fresh exchange of opinions on the situation in our region, especially following the agreement on the principles, approved in New York two days ago.

Iran, of course, supports the peace process and, in that context, the reintegration of the occupied Croatian areas.

The three ministers also discussed economic relations. It is a well-known fact that Iran is one of the countries that would like to step up economic relations with the Republic of Croatia and Bosnia-Herzegovina, and help them in reconstruction. From the sphere of economic relations, we can single out the export of oil and the import of our ships. [passage omitted]

Granic: Relations With Greece on 'Upward Trend'

LD2809184395 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 28 Sep 95

[FBIS Translated Excerpt] Croatian Foreign Minister Mate Granic has had talks with his Greek counterpart Karolos Papoulias. After this our minister stated:

[Begin Granic recording] Greece is developing good bilateral relations with Croatia and they are on an upward trend, as is trade. All the major agreements have been signed. Greece has abolished visas for Croatians. It should be noted that it does not yet have such an agreement with Belgrade. Greece welcomes all the endeavors of Croatia to find a peaceful solution and the peaceful reintegration of eastern Slavonia, Baranja, and western Srem, and Greece will use its influence on Belgrade to bring about a final agreement. They have accepted our standpoints on the peaceful reintegration, with a high degree of understanding, and they also welcome Croatia's contribution to peace in Bosnia-Herzegovina. [end recording]

As we report this, Granic's sixth meeting today is under way—this time with his counterparts from Bosnia-Herzegovina and Iran, Muhamed Sacirbegovic and 'Ali Akbar Velayati. [passage omitted]

Considerations in Choice of New Prime Minister

AU2809162595 Split SLOBODNA DALMACIJA in Serbo-Croatian 27 Sep 95 p 7

[Article by Ante Gugo: "Matesa—A Hidden Ace?"]

[FBIS Translated Text] The question of the new Croatian prime minister has become the biggest riddle in the run up to the elections. The only definite thing for the time being is that Nikica Valentic does not want to stay in the prime minister's seat and it is really very hard to find someone worthy of his office. It is not because there are no capable people in Croatia, but because of the incidental political calculations that go alongside the choice of a person who will discharge such an important function in the state.

The main assumption is that the new prime minister would have to continue with the program that Valentic started, because without this there can be no successful cooperation with the international financial institutions, and again without that cooperation there can be no successful recovery in the Croatian economy. The next factor in deciding the choice of prime minister is, of course, the balance within the HDZ [Croatian Democratic Union], the party whose victory is expected in the next elections. As matters stand, there is absolutely no doubt that the so-called harder line will predominate in the parliament. As a result, one can expect that President Tudjman would want to put together a government very similar to Valentic's, in order to create balance within the authorities, but also within the party, because membership in the Presidency and the Central Board of the party, among other things, can also be gained by one's position in the state hierarchy. The third assumption is that the new premier must be a person who will be readily accepted by all HDZ members.

Golden Trefoil

The very last assumption answers the essential question, and that is—who will not be the prime minister after the next elections? Three very successful ministers have affirmed their positions in the state and in the HDZ that it would not pay either themselves, or the state, to change the heads of those ministries. Mate Granic, Gojko Susak, and Ivan Jarnjak govern the most important state departments, nobody can have any serious objections to their work, it would not be worth the trouble for them to take the risk involved in becoming the prime minister, and the state does not need any turbulence in those ministries, something that occurs regularly with new heads. If any of the three were to face a situation in which he were offered the mandate of prime minister, and most bets are on Granic, then that would indicate a rather deeper personnel and

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political crisis within the HDZ, so that one might expect it to be abused by demanding very wide prime ministerial authority, which would be followed by a certain consensus within the party's factions.

However, it is a fact that the schemes initiated so far, mainly by those who think that their boss has sufficient merit to be appointed prime minister, and that they, naturally, will take their office, have been totally groundless, and lacking any firm support.

So, who could be the new prime minister? If the program started by Valentic is merely to be continued, the ideal person would be Bozo Prka, Minister of Finance. He is a man who is trusted by the chiefs of the international financial institutions, who has been one of the main executors of the current program, but who has insufficient internal party weight. One could say that at one time Nikica Valentic did not either, yet that was another time. Besides, Bozo Prka could also be added to the aforementioned Granic, Susak, and Jarnjak. He and the governor of the NBH [National Bank of Croatia], Dr. Jurkovic, work so well together that it would be a pity to spoil that game.

"Economic Diplomacy"

Forecasts also mention the name of Dr. Jure Radic, Minister of Development and Reconstruction. He has started the rather important job of state reconstruction and development, in which some actions, like demographic revival, have very strong support from President Tudjman, so it is not to be expected that this job will be interrupted. Well-informed sources claim that the circle around him is tightening, but that he personally is not interested in the prime minister's chair, and there is no person on the horizon who could take over this important ministry. So, who is left, then?

For the time being, nobody is making direct reference to the new Minister of Economy Zlatko Matesa, but several concurring events tell us that he could be a hidden ace. Minister Matesa has so far headed international negotiations and economic relations, which is the most important stronghold of Valentic's program. Recently, against all announcements and expectations, he has been appointed minister of economy. A short time before that, as minister without portfolio, Davor Stern had been appointed to the government, and he had described his ideas with a statement that in Croatian embassies economic diplomacy had to grow stronger. So, the line of international economic relations is growing stronger in the Government. The only problem is that Matesa is a fairly anonymous person in the HDZ's political currents. Perhaps that is favorable to him because he could thus pass like someone who is not pushed forward by any group of interests. Thus, Valentic's prophetic announcements that the new government would be an expert civic team that will bring the ongoing economic program to its conclusion, would come true.

Finally, in all this, one can be absolutely sure of only one thing. President Tudjman has not yet made a decision, and his usual consultations with the Prime Minister, Deputy Prime Ministers, and the party leaders are still going on. Each one of them is suggesting three candidates, which President Tudjman uses as a litmus test of internal party movements. Well-informed sources claim that the skeleton of the Government will remain whole, only with a new first man. There are no important reasons for the President of the Republic to change that stand.

Coming Parliamentary Elections Discussed

95BA0371A Zagreb GLOBUS in Serbo-Croatian 1 Sep 95 pp 2-3, 48

[Article by Davor Butkovic: "Nikica Valentic Announces His Departure, and the Candidates for New Prime Minister Are Zeljko Covic, Mate Granic, Zlatko Matesa, Jure Radic, Borislav Skegro, and Ivica Todoric"]

[FBIS Translated Text] The new parliamentary election will be held in the last week of November or the first week of December. The president still has not made a final choice between those two dates, GLOBUS was told by a high official of the HDZ [Croatian Democratic Union] with whom we talked the day after the first train left from Zagreb for Split, on which he was a passenger.

Preparations for the parliamentary elections are entering their final phase in the HDZ. An election staff has already been established, and in it some of the best known HDZ politicians have been given specific assignments.

President Tudjman himself is responsible for preparing the elections in Zagreb; Dr. Franjo Greguric is responsible for the Varazdin Zupanija; Antun Vrdoljak, which is very unusual, is responsible for the Sisak-Moslavina Zupanija, which was supposed to be in the anticipated zone of responsibility of Djure Brodarac, at present the zupan of Sisak-Moslavina and a member of the HDZ Presidium.

The main secretariat of the party will be responsible for organizing the election campaign. It is of interest, and also politically significant, that the presidium and main secretariat of the HDZ, although they have already made important organizational preparations for the election, still have not drawn up the list of HDZ candidates for the state slate.

Candidates for the new prime minister, for a possible new chief secretary, and for new members of the HDZ

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Presidium have, in contrast, already been recorded. The new parliamentary elections, which will be held earlier than the regular date (although leaders of the HDZ were saying until recently that the elections would not be held this year), are extremely important for at least three reasons, although the results, in terms of the victor, are known almost completely in advance.

The first reason: the change in prime ministers, which could result in serious internal political upheavals, and could threaten—if the new government allows inflation—the highest level of HDZ popularity to date. The second reason: conflicts in the incumbent party, which, it is expected, will break out in late September during the internal elections and could reach their peak in the Third General Conference in October. The third reason: the *de facto* introduction of the one-party political system and the termination of an effective opposition if in the parliamentary elections the HDZ has the kind of convincing victory now indicated by public opinion surveys.

Prime Minister Change

As for the anticipated change in prime ministers, it must be said that Nikica Valentic has again announced his definitive departure as soon as the election is over: This time, supposedly, he is serious, and GLOBUS's informant says that the president of the republic has accepted his departure.

The change at the head of the government following the elections is a very sensitive political and economic question, both because of Valentic's popularity and because for two years now Croatia has been without inflation, but also because Dr. Tudjman, thanks to Valentic and his closest collaborators, has managed to keep in power a government that is favored by the public, but without any specific political importance and indeed separated from all the strategic decisions of the state.

President Tudjman will expect that same political passivity from the new prime minister, if it is really true that Valentic has finally decided to leave.

For the moment, Dr. Tudjman is considering six candidates for the new prime minister.

They are Jure Radic, deputy prime minister; Mate Granic, deputy prime minister and foreign minister; Borislav Skegro, deputy prime minister; Zeljko Covic, director of Pliva; Ivica Todoric, director and owner of Agrokor; and Zlatko Matesa, minister without portfolio in Valentic's government and Franjo Greguric's brother-in-law.

GLOBUS's informant believes that Dr. Jure Radic perhaps has the best chance of becoming the new prime minister.

"Radic wants to be prime minister, and no one in the party has anything against him. President Tudjman could justify Radic's choice in terms of the need for the head of the state and government to pay greatest attention to reconstruction, which up to now has been Radic's area in the Valentic cabinet."

"Mate Granic would also like to be prime minister," GLOBUS's informant continued. "But Granic, in Tudjman's opinion, has been performing the duties of foreign minister extremely well, so it is not likely he would risk turning that duty over to anyone else."

Aside from that, it is well known that Dr. Granic, although at the Second General Conference of the HDZ the year before last he received an ovation, has several powerful opponents at the top of the incumbent party.

Granic's political views are probably too democratic and tolerant to suit the taste of a segment of the HDZ.

As for the third deputy prime minister in Valentic's government, whom political observers consider a candidate to inherit the post of prime minister, it should be said that Borislav Skegro, the principal author of the government's economic policy, allegedly *does not want* that position.

GLOBUS's informant, at the very top of the HDZ, says that Skegro himself has already said that to Dr. Franjo Tudjman.

It is said in political circles that Borislav Skegro is politically unacceptable as prime minister because as late as 1989 he was an official of the League of Communists.

One of the strongest candidates to be Valentic's heir is the extraordinarily successful businessman Ivica Todoric, owner and director of Agrokombinat, the largest food manufacturing firm in Croatia, and the son of Ante Todoric, veteran of the Croatian spring, who was sentenced to a long term in prison after Savka and Tripalo fell in 1971.

Ivica Todoric, although not a member of the HDZ, is closely connected to the technocrats in the party, especially the mayor of Zagreb, Branko Miksa, with whom he sometimes goes hunting in Todoric's private hunting ground near Cazma.

Chroniclers of social life in Zagreb have noted that quite recently Todoric has been appearing more and more frequently in the vicinity of President Tudjman.

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Ivica Todoric's great advantage in competing for prime minister is that since he is not a member of the HDZ, he has not participated in the factional fights that have occurred so far in the incumbent party. In addition to Mayor Miksa, then, Todoric is also on very good terms with Nikica Valentic, whose recommendation could be very important.

Future of HSLS

If he really wants to become prime minister, Todoric will, of course, have to join the HDZ. Another young businessman whose name has often been mentioned in the last few weeks in connection with the post of new prime minister is Zeljko Covic, director of Pliva, one of Croatia's largest companies.

President Tudjman has already spoken to his close associates about Covic as one of the serious candidates to be the new prime minister. GLOBUS's informant agrees that Covic has certain chances. It is assumed that he has the support of the Herzegovinian lobby, because he is a Herzegovinian by origin, but it is felt that in the endgame the president and certain high officials of the HDZ will not forgive him for his close friendship with Mladen Vedris, former mayor, deputy prime minister, president of the Chamber of Commerce, and the most consistent HDZ dissident.

The last candidate mentioned so far for new prime minister is Zlatko Matesa, who at present is minister without portfolio, responsible for relations with international financial institutions.

Matesa is professionally competent, politically neutral, and, if he becomes prime minister, would provide continuity with the Valentic government.

Nevertheless, because of his family relationship with Franjo Greguric, Matesa might be opposed by representatives of the right wing in the HDZ.

As for another important political aspect of the upcoming parliamentary elections, the continuation of the conflict in the incumbent party, which has now been muffled by the military triumph, GLOBUS's informant says that Dr. Tudjman will try during the party elections to get rid of certain extreme right-wingers who have already lost real political influence, such as Vice Vukojevic.

"However, the president is aware that he cannot get by in Osijek without Glavas, and that Vladimir Seks is also very strong, so there can be no question at all about a real defeat of the right-wing faction at the upcoming party convention."

Nevertheless, at the party convention there could be a change in the main secretary of the HDZ.

Certain circles in the incumbent party criticize Zlatko Canjuga's political inexperience and his high degree of political tolerance.

If Canjuga is really replaced, one of the candidates for new chief secretary might be Marino Golob, who heads the HDZ in Istria.

The main headquarters of the HDZ highly prizes Golob's behavior in the fight against the IDS [Istrian Democratic Conference].

After the Third General Conference of the HDZ there will quite certainly be a change in the party's presidium. It is highly likely that Dr. Franjo Greguric, at present vice chairman for domestic policy, will be leaving the presidium.

His place might be taken by Zlatko Canjuga if he is replaced in the main secretariat of the HDZ.

The third main political reason why the upcoming elections are very important politically—probably the most important up to now—is that after this election the opposition in Croatia will become extremely marginal, and in a certain sense Croatia will return, indeed by the majority will of the citizens themselves but also of former members of the opposition parties, to the one-party system!

A few years ago, rhetoric about Croatia's return to the one-party system was mainly an expression of impotence of the opposition to effectively criticize the incumbent party, although the HDZ gave the opposition countless occasions for destructive criticism and to win over the electorate.

But now there is every sign that aside from the HDZ (and the IDS in Istria) there will no longer be a single political organization that has any significant influence.

The process of imposing the HDZ monopoly is taking place on two levels.

On the first level, it is normal that the popularity of the incumbent party and the president of the republic has risen rapidly since the country's liberation.

This anticipated growth of popularity is being added to by the state media, and thus the president was on television, uninterrupted, for at least 10 hours last weekend.

It is ridiculous to even mention equal conditions for the election campaign!

On the other level, the HDZ—although it denied it in one of the recent communiques of its presidium—is still doing everything to bring in as many representatives of

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other parties as possible and to destroy those parties politically.

Following the successful elimination of the already unimportant HNS [Croatian People's Party], it is now the HSLS'[Croatian Social Liberal Party] turn.

Thus, after Damir Zoric, vice president of the Zupanija Chamber, Nikola Grabic, mayor of Split, and members of the Split Municipal Chamber, the HSLS has also been abandoned by Mate Mestrovic, deputy in the Zupanija Chamber.

On Tuesday, 29 August, Mestrovic sent an early morning fax to Drazen Budisa that he was leaving the Liberal Party and negotiating with representatives of the HDZ.

Thus, in just a few days the HSLS lost the vice president of the Croatian parliament, the government in Split, and a well-known deputy in the parliament!

All of this occurred under highly debatable conditions.

For example, Ivo Sanader, deputy foreign minister, has been conducting the campaign to take over the municipal administration of Split, and this campaign became particularly intense following the signing of the Split Declaration between Presidents Tudjman and Izetbegovic.

Sanader was present at the signing of that document, but he remained afterward in Split to organize the transfer of the mayor of Split to the incumbent party. As for Damir Zoric, just a day before he moved over to the HDZ he was talking to Drazen Budisa, president of the HSLS and his patron Budisa said that in that conversation "he did not have an inkling that Zoric was moving over to the HDZ."

On Tuesday, Budisa received a fax in which Zoric told him in five lines that he had changed parties.

Unprecedented Popularity

In view of the ever greater popularity of Dr. Tudjman and the HDZ, and also the rapid weakening of the opposition parties, they now have to design a new election strategy.

One of the elements of that strategy is a coalition between the HSLS and the HSS [Croatian Peasant Party], which, judging by certain statements coming from the HSS, is now in jeopardy.

To go even further, the HSLS will attempt to make up for its losses in personnel.

On Wednesday, 30 August, Drazen Budisa held a meeting with Mladen Vedris. It is also unclear who Ante Prkacin will opt for, now that he has decided to leave the Croatian Rights Party because of his conflict with Ante Djapic.

The 1995 election, in which, by all appearances, the HDZ will triumph, will completely alter Croatia's political picture. Much less because of possible changes at the head of the government than because, aside from the HDZ, Croatia will not have a single serious and influential party anymore.

It is completely unclear why the HDZ, which is doing everything to weaken the HSLS, has an interest in ruling entirely without an opposition.

HDZ Trying To Demolish HSLS in Key Towns

AU2809143995 Rijeka NOVI LIST in Serbo-Croatian 11 Sep 95 p 7

[Article by Neven Santic: "Destroying Opposition's Epicenters of Rebellion"]

[FBIS Translated Text] One must have fallen from the skies if one thinks that the HDZ operation to conquer Croatia's four largest towns is simply the result of coincidence. Perhaps "conquer" is too strong a word, because the situation in each of these towns is different regarding the "effort" HDZ has to invest to establish control over the authorities, but it does best describe what is currently happening on the political scene of Zagreb, Rijeka, Split, and Osijek.

Why is it going on, and a couple of months before the elections, when significant party maneuvers and a redistribution of mandates in the representative bodies are expected? It seems that the ruling party has no need to stir things up in Zagreb, since it has a firm grip on authority. All attempts to change that failed after the political crisis last year and the foundation of the HND [Croatian Independent Democrats]. In Osijek, however, the situation is quite the reverse. To "wrest" power from the HSLS [Croatian Social Liberal Party], the HDZ needs a lot more than it needed in Split. Regarding Rijeka, it is practically impossible for the HDZ to rule there independently, so that certainly cannot be the purpose of its "involvement" in resolving disagreements between the coalition partners.

First we have to discard the possibility that the ruling party's primary objective is to gain immediate control of the political life of these centers of political, economic, and cultural life, just as it has become clear to us in these two and a half years that the HDZ is very frustrated by the fact that it has won authority in only one of the four Croatian centers, even if that one is the largest and the most important. After Operation Storm, however, that is, after the announcement of the upcoming elections, they were to activate the plan that would be useful to

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the ruling party in the long term, and at the expense of the whole opposition, particularly those political parties considered the most dangerous election rivals.

Strategy of Blows

In the combined methodology of political self-promotion and obstruction of the opposition, the HDZ estimates that one of the central places in its strategy certainly has to be "commotion" in those environments that could have major influence upon the mood of the electorate, and are above all precious to precisely the opposition parties. Without doubt, Rijeka, Split, and Osijek are such points.

These three towns, in which the opposition won local elections, represent specific "epicenters of rebellion" against the ruling party. More or less convincingly, depending upon the results, but also upon realistic possibilities, these have so far been "shining examples" in which the opposition took pride. They have been evidence that the opposition has not been as "impotent" as used to be suggested by HDZ central office. Therefore, someone had to clip the opposition's wings.

And second, and again not by chance, in each of these places an important political role is played by the HSLS. According to the last elections results, it is the strongest opposition party and for a long time has been considered capable of overcoming its internal tensions. Directing the blow to the Liberals is therefore an element of that strategy, although others have been "scratched," too. Therefore it was necessary place HSLS in a situation in which it experiences its deepest ever crisis. At that point, of course, the game was to be joined by Zagreb, the main center forging the political plans of all parties, and where the Liberal strength was felt, regardless of the balance of power in the Municipal Assembly.

Split Was "the Softest"

The synchronized operation started in Split, where the ground was "the softest" and easiest to prepare. The authorities, in the hands of the coalition of the HSLS, HNS [Croatian National Party], and HSS [Croatian Peasants Party], in a town with serious problems, have been in the jaws of HDZ county authorities. Five city councilors and the mayor Nikola Grabic were prepared to accept the demagogic slogan that the town's problems would be solved if the town authorities were changed, which is nonsense according to the existing and rigid Law on Local Government and Self-Government. It was the easiest way to rationalize their decision and throw dust in their citizens' eyes. We shall see whether the citizens accept that.

A couple of days later, the transfer to HDZ of the chairman of Osijek City Council, Branko Mihaljevic, until then a member of the HSLS, was announced pompously in the media. In this case, too, they tried to present the issue as a struggle to solve the town's problems, with the HDZ being the only one able to fight for national interests. However, since it was not enough to take over authority, Branimir Glavas, governor of Osijek-Baranja County, in a statement for GLAS SLAVONIJE, implied that "independent councilor" Ferencak, who was also on the HSLS election list, had also joined the HDZ, and it is simply a matter of time before things in Osijek also "come to terms." Simultaneously, a scandal started to roll in the media, made public at a tribune organized by the Liberals, regarding an offer to a HSLS councilor that, if he joined the HDZ, the HDZ would organize a kidney transplant for him. Afterward, a relative lull followed in Osijek, but the "underground" battle is probably still going on.

Linic and the Liberals

The case of Rijeka is somewhat specific. That is because the HDZ has few votes in the Municipal Council, and because of the political crisis provoked by the conflict between the coalition partners, the HSLS and SDP [Social Democratic Party]. Mayor Slavko Linic only had to find himself at the same time on the same plank-bridge with the liberals, and the HDZ became the master of the situation. Since mutual suspicion between Linic and the Liberals is nothing new, someone obviously only had to switch the "remote-controlled fuse" at the right moment and entangle the knot that has not yet been untangled. As much as Linic bears responsibility for the situation because of his tongue, it is nevertheless indicative that the liberals have signed the petition to vote confidence in the mayor a month after a HDZ councilor started it. It will be seen in the end whether all Rijeka Liberals were really "fed up" with Linic and his conduct or there are those among them who are consciously or unknowingly working for the HDZ, despite that party's apparent involvement in the weakening of the HSLS. Otherwise, it is worth knowing, Damir Zoric's influence on the Rijeka Liberals was stronger than in some other parts of Croatia.

"Explosion" in Zagreb

In the end there was an explosion in Zagreb as well, although one could feel the detonation from the very beginning, practically from the first tensions between the "populists" and "elitists." The key figure here is Ivan Bozicevic, convinced opponent of "elitists" like Vilfan, Kovacevic, and Fizulic. Beside the well-known arsenal of accusations directed at the HSLS leadership, where the watchword is the accusation of "lack of national

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consciousness," and the publication of the plan code-named "Jazavac '94" [Badger] as an answer to "Lisica" [Fox], as the "staff document" that would allegedly have utterly discredited the party's leadership, and about which the HDZ also talked last autumn, some more sophisticated methods have also been introduced. In his public appearances, Bozicevic, unlike Zoric and Mestrovic, wants to present himself as a liberal by vocation who has been let down by the very leadership of his own party. Apart from that, for the first time they are trying to discredit Drazen Budisa and Goran Granic, so far undisputed authorities in the party. Because, if the coup succeeds, it is estimated, the HSLS will go unstoppably downhill. That should be the final blow, the strength of which, it seems, all the parties to this conflict are very much aware.

The circle in which this struggle goes on is thus closed. The HDZ's intention is to disable the HSLS as the strongest opposition party, to present the parties in coalitions as incompetent and inefficient. It is also to show how it is generally impossible for the opposition to cooperate among themselves. By doing that on the eve of the elections, they seek to destroy the opposition strongholds in the large Croatian towns that should logically be the seats of those parties' future election staffs. Providing evidence for that, Zlatko Tomcic, HSS chairman, testified that some of the HSS's front-men have been targeted by the HDZ, before all the three governors of the counties in the north of Croatia, where the HSS is exceptionally strong, and which is, beside the four large towns, the ruling party's weakest point.

There are no dilemmas any longer. The HDZ has taken the next elections seriously and it does not want to leave anything to chance. The only question therefore is how much the opposition is aware of this and how it intends to respond to this challenge. The clock is ticking away.

Rijeka Mayor Attacks HSLS Transfers to HDZ

95BA0381A Split FERAL TRIBUNE in Serbo-Croatian 11 Sep 95 pp 10-11

[Interview with Rijeka Mayor Slavko Linic by Alen Anic; place and date not given: "Liberals Are Apostates"]

[FBIS Translated Text] *"The fact that the Liberals in Rijeka are counting on capturing the post of mayor after they get rid of me is pure political ignorance, because would the HDZ [Croatian Democratic Union] really agree to play along with them and accept for itself only some department? The Rijeka Liberals in this sordid affair will receive the role of little apostates, and then they will be discarded like old rags. And I am certain that the citizen voters will abandon them too, because Rijekans do not like to be deceived."*

[Anic] The Liberals of Rijeka say that they want to remove you from office because you have "begun the election campaign with exactly one goal—to destroy the Liberals' political reputation." They also accuse you of clandestine collaboration with the ruling party. What can you say about these charges?

[Linic] My response to that question is very simple. Linic must be destroyed because he has become too vocal in pointing out that the Liberals have betrayed themselves most of all, but also the coalition that won in the last elections. The Liberals in Croatia are seriously shaken by the desertion and sale of part of their membership—and an important part of it at that—to the ruling party. After the removal of the Liberal mayors in Trogir, Varazdin, and Split—and it is no coincidence that now the mayors of those cities are HDZ—Rijeka is obviously next in line. The fact that the Liberals in Rijeka are counting on capturing the post of mayor after they get rid of me is pure political ignorance, because would the HDZ really agree to play along with them and accept for itself only some department? The Rijeka Liberals in this sordid affair will receive the role of little "apostates," and then they will be discarded like old rags. And I am certain that the citizen voters will abandon them too, because Rijekans do not like to be deceived, and the Rijeka Liberals are intensely deceiving them right now.

[Anic] And your alleged collaboration with the HDZ? Specifically, they say that you have received certain economic posts.

[Linic] As regards the position in the Rijeka economy that the ruling party is offering me, for now you should not worry about that. The HDZ is only offering to put me on the management boards of companies that are in a catastrophic situation because of policy. I am receiving such offers, and it is up to you to judge how different that is from what you are asking me. Fortunately, powerful people in the Croatian economy are already offering me the opportunity to assume a leading role in their firms, apologizing for the moves made by their party.

Offended Traitors

[Anic] What do you say about the fact that even Drazen Budisa is backing his Rijeka branch?

[Linic] The tragedy of the general without an army, Mr. Drazen Budisa, who is not having an easy time in this situation, lies in the fact that a handful of people from the Rijeka Liberal leadership are left for him as

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a last port of refuge—because they stubbornly maintain that they have nothing to do with the HDZ. But some of them are saying the opposite. These traitors among the Rijeka Liberals will destroy his party in Rijeka and contribute to the party's erosion throughout the country.

[Anic] In a recent interview with our publication, you asserted that "on the local level the Liberal party is even worse than the HDZ." What—or rather whom—were you trying to "banish" with that statement?

[Linic] I saw what was happening among the Rijeka Liberals and commented on that in your publication. I saw that the local Liberals are betraying their voters. But since we entered the elections in a coalition, my duty was to point out to the Liberals and to the voters that something strange is going on with them. Just as they betrayed the voters on many levels in Croatia, the same thing is happening now in Rijeka. The Liberals cannot remove me from office together with the HDZ because of those statements, so now they are waging a frontal attack on the SDP [Social Democratic Party], of which I am a member, in this way also shattering the coalition agreement and negating the essence of opposition activity.

[Anic] Many people think that you are to be credited with the rather well organized municipal services, the stable budget, municipal and housing reform, and the relative political stability. However, all of that is often forgotten, and everything comes down to your irascible nature and tactless words, through which you have supposedly offended the local Liberals on several occasions. What do you say to that?

[Linic] It turns out that what I have done for the city is not important, that the important thing is that some of the Liberals have felt offended. That sense of being offended is reason enough for an alliance with the HDZ and for betrayal of their own voters. That is the logic of the Rijeka Liberals, and it is questionable whether they are still liberals or have changed their party colors, so that those colors are publicly recognized.

Undermined Coalition

[Anic] Through this move by the HSLS [Croatian Social Liberal Party], the "Rijeka Coalition," or more precisely the coalition agreement among the SDP, HNS [Croatian People's Party], and HSLS, has been undermined at a moment when that does not suit any of the coalition parties. Whom then does it suit?

[Linic] Although one answer could be "the HDZ," that is completely absurd, because I believe that bringing me down is completely unsuitable to the HDZ too. After all, Rijeka has achieved a good reputation not only in Croatia, but indeed throughout the world, and lately in particular I have been contacted by people from all over who think highly of what I have done to develop local autonomy, but that cannot change the sequence of what must be—the vote, at a City Council session, of confidence in me as mayor.

That, too, is why the campaign by the Liberals and the HDZ seems absurd. The Liberals should not be indifferent to having their work over the past three years spat upon, and the HDZ is hardly going to be satisfied with a marginal role, especially since it was the HDZ council members who initiated the whole campaign. That only goes to show that personal interests, including the transfers that are being negotiated but that will not be announced until later, of the leading people in the Rijeka Liberals and the HDZ, prevail over the interests of the city of Rijeka and of the Republic of Croatia in developing democracy. Specifically, by destroying the achieved level of local autonomy, these people are working directly toward the introduction of totalitarianism, because around the globe local autonomy is also a measure of democracy.

Interests of the Liberals

[Anic] In this whole uproar, the Rijeka Democratic Alliance [RDS] is unclear, they want to remain neutral; HNS people say they do not share the thinking of the HSLS, in other words they are not against you; the IDS [Istrian Democratic Assembly] "feels solidarity with the situation" in which you find yourself; and of course the SDP supports you. Only the HSLS is opposed. However, why does the RDS take that stance?

[Linic] Frankly, the RDS is a surprise to me. After the last elections, it seemed to everyone that the RDS would be one of the coalition parties. However, the Liberals demanded, ultimatum-style, that the RDS not join. Now the RDS is expecting from the Liberals an entrance ticket into the Assembly, and because of that it is setting aside the city's interests, which it emphasized in its first party platform with the brilliant words, "Cities persist, regimes change." It appears they are gradually forgetting that.

[Anic] What do you assume will happen on 13 September at the meeting of the Rijeka City Council where "confidence in the mayor" will be discussed?

[Linic] First of all, in terms of the way in which that meeting was called, there will be a problem determining whether it is legitimate. The head of the Liberals, Teodor Antic, exhibits all the mannerisms of a putschist, a bent for falsifying documents, and a lack of respect for legality in his work. Given the fact that my responsibility and confidence in me as mayor will nevertheless be discussed, I will have to explain

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to the City Council what I have done regarding the functioning of executive power and municipal services. But democracy is founded on the will of the majority, not on order, discipline, and arguments, and that means that anything is possible, including my removal from office.

[Anic] The HSLS says that its cooperation with the HDZ, as regards the question of your "dismissal" and "influencing the further development of the city," is a transitory, one-time deal and that there is no talk of a possible coalition or potential collective defection, as is happening in some branches of the HSLS. What do you say to that?

[Linic] The HSLS in Rijeka has shown that personal interests are above all else and that it is not very concerned with the interests of the citizens who conferred their votes upon it in the last elections. Thus, whoever offers more gets the Liberals. Right now, only the party in power can offer more, and that is why this cooperation with the HDZ is neither transitory nor a onetime deal. After all, tell me why Rijeka should be any different from Split, Varazdin, or Trogir? When have you ever heard of an accused person who did not have a thousand and one justifications for what he did, regardless of how brutal, inhuman, or criminal it was? Everyone finds justification for their misdeeds, and so too do the Rijeka Liberals. After this it will be hard for the Liberals to get a double-digit percentage of votes in the elections, and the numerous people leaving for other parts of Croatia will certainly seriously weaken them, which is detrimental to our fragile democracy.

Liberal "Witch-Hunt"

[Anic] Paradoxically, however, they are convinced that they are in fact the most dangerous opponent of the ruling party, and that you are a "Trojan horse." In other words, they have declared you a spy. What do you say to that?

[Linic] The Liberals have shown who and what they are all across Croatia. However, that does not gladden me; rather, it saddens me, but there is no escaping that fact. The thing they have a hard time justifying is that they launched this whole witch-hunt against me because of publicly expressed words. Actually, it was all launched by the HDZ, and they did not sign onto the HDZ proposal of no-confidence in and removal of the mayor until a month later. They did not want to argue with me; rather, they saw a good opportunity to bring about the HDZ's attempt with their votes. That is the punishment for my thought crime, so to speak. The Liberals are not too concerned about the fact that with this move they are giving the HDZ a splendid opportunity to slip "thought crimes" in through the back door and return this obscure term to the rights of the citizenry. What is important is getting rid of me, as if afterward no one will see that they have betrayed their voters.

We will discuss the question of who is a spy and who is paying him after the elections, once the masks have fallen away. I will certainly remain in the SDP, and we will see what happens with them. With regard to the Liberals as the "opposition colossus," excuse me, but I must laugh at this "colossus" that is afraid of Linic and what I say. The Liberals remind me of a car racing downhill, crushing everything in its path. Until it crashes, it thinks that it is the strongest, but once it reaches the bottom it is usually so smashed up that one can no longer tell what it was. I am afraid that we in Rijeka will also be asking: What were the Liberals?

[Anic] If you leave, where will you go? Into business, politics, rose gardening, vegetable farming?

[Linic] If I leave, as you say, and I have to go sometime, then it will be for a month and a half of prison because I, with respect for the law, insisted that naked, barefoot people without weapons not be sent to the front; instead, I did what the ZNG [National Guard Corps] in Lika asked of me in the first days of the war. I will leave with five lawsuits being brought against me, but also with empty pockets, because unlike certain well-known advocates of the "you know what" policy, I have not taken anything for myself and my family, and it has not even occurred to me to use my position as mayor for that type of material gain.

Regardless of how I leave, I will endeavor to remain on the political scene, faithful to Rijeka, Croatia, and the Social Democratic program, to spite all those who see in politics only their own advantage and a very concrete profit.

Opposition's Only Chance Seen Joining Forces

AU2809161595 Rijeka NOVI LIST in Serbo-Croatian 23 Sep 95 p 2

[Article by Sanja Modric: "The Fox and the Stork"]

[FBIS Translated Text] As soon as the pattern for the electoral rules was taken out of the well-armored HDZ [Croatian Democratic Community] safe, the parliamentary majority, in its final task, urgently and definitely used it to make a heavy new coat for Croatia to wear for another four years. The fashion—line, cloth, color, pattern, length, buttons and ornament—was set once again by the experienced stylist Smiljko Sokol, according to the ruling party's pedantic requirements. And again the lady who ordered it is vociferously trying to pursuade the electorate's collective being that it has chosen the best model for Croatia. Since the opposition is in the

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minority—and all kinds of minorities in this country are treated like the thirteenth sucking pig—its mumbling regarding the election law was brief and evaporated like a mild summer shower on hot asphalt.

So they grumbled about the high electoral threshold: 5 percent for a party, 8 percent for a coalition of two, 11 percent for a coalition of of more than two parties; they demanded that a census be taken before the elections; they questioned the proposal that seats in the Assembly should be provided for Croats abroad, 12 seats moreover; but—probably aware of their position as loser—in the end they all raised their hands for the election package and one more time they compliantly "agreed" with the HDZ. Seks did not want to be bothered to listen even to that much while the session was going on so he even got quite angry. What, actually, do you want?—he asked nervously, as if dumbstruck. You got what you wanted. The proportional system. Control of the elections. The longer election period...Some of the ruling party's other frontmen have declared the new election rules as being in fact, an act of pure mercy toward the opposition. Allegedly, the rules are not favorable to the HDZ, but, here, they wanted to help the opposition "shape" itself and enable at least some of them to gain a seat or two in parliament.

"Measures of Correction"

The truth, however, according to the facts, is precisely the opposite. After the HDZ successfully concluded its informal election overture of breaking the opposition parties with a pneumatic hammer of sweet promises and an unpleasant beating, on the occasion of which a couple of ugly public scandals slipped out—the actual election law is the maximum of the means that remained to the HDZ to win a two-thirds majority in the Croatian Assembly and majority in the electoral units. When one adds statements by former and even current HDZ members that their party stole (depends upon the source) 5, 6, or 8 percent of the votes in the last elections, then such "measures of correction" of the people's will are, without doubt, available again. So, if the HDZ is not lucky, then it can only blame cosmic forces, fate, and coincidence, but not at all itself. Because everything has been done the way it should have been done: the timing after Operations Flash and Storm and the success of the Croatian Army in Bosnia-Herzegovina, the heavy media campaign glorifying "those who win," the shamefully dismembered opposition, and the whipped cream of the election law at the end. So, the games can begin.

What the opposition will do and whether it will do anything is still uncertain, although all of them threaten something and nobody admits being in trouble. Of course, with a piece of just legalized election engineering, every concept of success is a combination of a heap of equations with a heap of unknowns. The HDZ has created an electoral scenario that is similar to the fable about the fox and the stork. So, if you please, go ahead, nobody can say one was not offered politely. Sokol—the fox—has prepared a lot of fine mash and served it in a large shallow bowl. The opposition—the stork—would like to eat, but it cannot eat by using its beak. And this bird has also got its legs tied, and its wings clipped. The chances, all in all, are not much, but one cannot say that there are no chances at all. So, the problem can, in the end, be solved by a brain, and of course, not a bird's brain.

What then can the opposition do, and what can it not do? First, it cannot change the fact that the HDZ will not allow a second round of elections. It has to accept the very likely possibility that the HDZ will achieve its election victories with a relative majority of, let's say, 19, 22, or 31 percent of the votes, although it will be obvious then that the remaining 81, 78, or 69 percent of voters, that is, the majority, are not HDZ supporters. Since there is no second round with a play-off between the two best candidates and since the majority vote is not needed for victory, the opposition must coalesce. An effort was clearly made to try to prevent that by an imaginative precedent: by raising the election threshold for the coalitions to 8 and 11 percent. That makes coalitions dangerous even for the bigger parties, not to mention the smaller ones. However, if the opposition were ready for mutual compromise, as much as they, naturally, care about victory, there would be a way to do whatever they please.

Opposition Opportunities

The easiest and safest way is to go to the elections together. It is not likely that the opposition will do that, because there is a conviction among the opposition leaders, utterly groundless, that if they appeared jointly before the electorate it would enrage their supporters, who would then vote for the HDZ. Busily talking about this, the opposition meanwhile does not consider that while there are of course many differences among the democratic and civilized left wing, and those centrist and right-wing political tastes, many of them on all three sides care that Croatia is not being robbed any more, that we have a legal, civic state and a social state, that the media are not being castrated, that monopolies are suppressed, that free competition of ideas, products, and political programs and so on is protected here. Now that Croatia has become a state and has been almost completely liberated, that is the content of the first stage of democratization of this society. The left-wingers, right-wingers, and centrists, would probably support it,

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and so would those who have not yet been swallowed by the HDZ movement's machinery, that is, those who one way or another will vote for someone from the opposition.

There is one more method, even if the opposition in electoral units manages to pass the coalition threshold. The opposition parties could strike a deal, depending upon who and where one enjoys the most respect, that they will all support one of the candidates of their own parties, and then, naturally, respect the agreement. Due to the fact that the major media are mainly well disposed toward the HDZ, this would be a bit harder to explain to the voters, but if the opposition members were to work on the ground, that would not be unfeasible either.

The opposition can hardly influence the entirely debatable choice of 12 representatives from the diaspora, because there is no money for a worldwide election campaign. It is possible, however, that the HDZ is regretting the great care and concern it shows for the emigrants, matched by no other country in the world. It gives them 10 percent of the mandates to decide upon a country whose destiny they do not share, and whose reality they do not know enough about. It is not at all unlikely that the chosen Croats-from-abroad will fail in relation to the HDZ's expectations, already by bringing along the democratic world views from the countries in which they live into the Croatian Assembly.

In any case, the opposition is tormented, but it should not give up without a fight. The fox has served lunch, and the hungry can either think up how to eat it, or moan, faint and die.

Legislation on Serb Property Transfers Attacked

95BA0380A Split FERAL TRIBUNE in Serbo-Croatian 11 Sep 95 pp 6-7

[Article by Marinko Culic: "Nationalization of Serb Property or How We Introduced Tribal Legislation: Our Beautiful Property"]

[FBIS Translated Text] *Only now is it becoming clear why there has been so much insistence in recent weeks on Serb "self-relocation." Supposedly, they left exclusively at the bidding of their leaders or of their own free will, and thus were not "expelled." Therefore, nothing need be done to bring them back and their property can be quietly placed under state sequestration after only one month. Nevertheless, that is possible only by openly violating the Constitution.*

The summer and fall of 1995 will be remembered in Croatia as an unmistakably bad, unhappy season for the unrecognized category of second-class citizens. Through legislative changes as well as ordinary decrees, tens if not hundreds of thousands of them have been slapped down another rung, to the status of second-class citizens, who are trudging around to crowded government offices to beg for a piece of paper that will restore to them some sort of equality.

For two years, the inhabitants of military apartments were racked by uncertainty about whether they, like others, would be allowed to purchase them, after which they were given a supersonic period of 60 days to present the necessary documents, but even if they gathered them all together that meant nothing more than another year of uncertainty about whether the Ministry of Defense would approve their request. But these "60-day people" can be considered privileged in comparison with the "30-day people." It should be emphasized that they belong to a special social class, below which there is nothing else; for the Serbs who intended to return to "Krajina" after "Storm," the government has set out a scant 30 days for them to return and apply for the return of property that has been "temporarily" placed under state sequestration. Even if—God forbid—someone were to make that short deadline, an additional "safeguard" is built in: An internal order has been issued that the only ones who can return are those with a certificate of domicile, which no one has, or with a one-way travel permit, which the agile Croatian Office in Belgrade was not issuing until yesterday—or it simply refused to open its doors to those seeking it (which is why in recent weeks hundreds of applicants, mostly relatives of refugees, have besieged the Croatian Helsinki Committee [HHO], but as a nongovernment organization it cannot do anything more than advise them).

Spoon and Fork

In the meantime, Ivica Kostovic has announced that negotiations are underway on permitting Serbs to return only if expelled Croats from eastern Slavonia are also allowed to go home, so that it is clear that the symbolic 30-day deadline has also been sacrificed to the state "interests" of the two countries. They will carry out this "transfer" when it suits not the displaced persons, but them, the "Croatian spoon and the Serbian fork." (We borrow the culinary image from President Tudjman, but the division of the eating utensils is ours.)

Of course, these returnees do have rights, at least on paper. The latest issue of ARKZIN contains a quote from the RH [Republic of Croatia] Constitution, Article 9, where it is noted that "a citizen of the Republic of Croatia cannot be expelled from the RH, nor can he be deprived of citizenship, nor can he be extradited to another state."

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But when one reads through this cautious passage of the Constitution, one cannot extract from it much hope for the refugees, especially since only now is it becoming clear why there has been so much insistence in recent weeks on Serb "self-relocation."

Supposedly, they left exclusively at the bidding of their leaders or of their own free will, and thus were not "expelled." Therefore, nothing need be done to bring them back, and their property can be quietly placed under state sequestration after only one month.

Nevertheless, that too is possible only by openly violating the Constitution, because it states—and once again we quote ARKZIN—that "every citizen of the Republic has the right, at any time, to leave the state territory and settle abroad either permanently or temporarily and to return to the homeland at any time." Moreover, the Constitution "guarantees," of course, the right of ownership, and the only possibility for restricting or dispossessing this right is provided by Article 50, but with "compensation for the market value," which the government decree does not mention.

In order to make it clearer how inadequate the one-month deadline is for the return of property, we would recall that the Italian optants were given the period from 1947, when the first agreement was concluded between the Italian and Yugoslav Governments, to 1954, and when that proved inadequate, a supplemental agreement was concluded in 1965, followed by another, final agreement in 1983. Recapitulating that long and tedious job, which has not been completed even today, the Zagreb financial and business magazine BANKA in its latest issue recommends it as the safest and most dependable way of proceeding. That is because any nationalization and expropriation of the property of "Serb optants" would ostensibly constitute a relapse into the "revolutionary legislation of the communist system," and that would, for the time being, close to Croatia the doors of all Western institutions that are based on the "principle of the inviolability of private property." Moreover, the Croatian Peasants Party [HSS] has warned that the nationalization of Serb property would create a precedent for the seizure of Croat property in Vojvodina or Banja Luka.

Fear of Revanchism

But in the top echelons of the Croatian Government, there is apparently as much interest in these objections as there is in last year's snow. If the presentation of the Decree on Serb Property was handed over to Bosiljko Misetic, who divulges that "Croatia mainly does not want people belonging to other nations living in it," then it is clear that, at least for now, "Storm" was a proud moment not for sober jurists, but for "Euro-primitives" from the government. And their triumphant credo was underscored by Ivan Milas when he said that the Council of Europe, which has just slammed the door in our face again, is "utterly meaningless," because Croatia has already been accepted into the "most essential organization" and "become a center for decisionmaking in this part of the world, which is proof of its affirmation." (On the same day, almost as an echo of these refined observations by Milas, it was reported that a prominent official with the European Union said that there is no consideration being given to admitting Croatia to the EU, and not because of the war as much as because of the "nature" of the regime in Zagreb, which is "radically nationalistic and xenophobic," and because it is a "notorious example, unique in Europe, of nostalgia for the Nazi and fascist era.")

As regards the HSS's fears of property revanchism, in the top echelons of government this too is surely regarded—if it is being considered at all—as tedious grumbling by outsiders who are unable to keep up with the unyielding but inevitable and extremely lissome course of events. Similarly unable to comprehend this course of events is Bishop Komarica of Banja Luka, who with his priestly incense has supposedly cast a spell on and brought misfortune to all who have listened to him, because they are now crossing over to Croatia from Bosnia in overcrowded boats while others have provided for themselves in time and sold or traded their property. But no matter how accurate it really is that the tide of events has caused Komarica's stature to be interwoven with the lines of a sublime prelate and utopian tragedian, it would still be cynical to shift the focus of the story to him. This is primarily a story of the secular authorities, each with its own peculiarities, whereby the Serb authorities are apparently responsible for the largest number of forcible evictions, with brutal extirpation of the populace and devastation of their property. But even they did not dare cross over to the legal sequestration of property; rather, the Croatian Government was the first to do that, which BANKA considers especially risky since Serb property in "Krajina" will certainly be "included in Belgrade's claims" which will be asserted upon the two states' mutual recognition.

Stalin's Theorem

Admittedly, the Croatian Government has refrained from the open confiscation of property, which the Constitution does not recognize, and claiming that it is "not touching ownership," it has left that up to further legal regulation. But attorney Orhideja Martinovic, the secretary general of the HHO, tells FERAL TRIBUNE that this does not make the government's decree any less contestable, because it encroaches upon possession,

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and that is just as important as ownership in terms of protecting private property. This is especially evident from the commission for the temporary assumption and use of the property, for which it is stated nowhere by what date it must perform its work, while it is stipulated that it will not be able to return the property to the original owners until the temporary users are provided for. As with the military apartments, where the principle of collective responsibility has been legitimized, this constitutes the introduction of something like "tribal" legislation. In the first case, all other members of a family are encumbered because of the actions of one member, and in the second case the guilt of part of the nation is assigned to the nation as a whole.

Orhideja Martinovic emphasizes in particular the massive destruction and burning of Serb property and the fact that there is good reason to suspect that the intention was to spare only those homes in which Croat returnees and settlers will be housed, but to destroy all others so that there is nothing left there for their owners. We would add to this our evocation of the known "three-thirds" formula, so that one could predict that a third of the houses will be destroyed, a third will be "sequestered," and a third will never see their owners because they will not be allowed to return, or they will themselves refuse to do so. Anyone who finds this evocation too formulaic, and thus frivolous, should first question the seriousness of the government's commissioner in charge of Knin, Petar Pasic, who according to LIBERATION said that even Stalin, upon entering cities, allowed his soldiers to do what they wanted for 48 hours. (The dumbfounded LIBERATION called this an "intolerable statement," wondering in desperation why at least they did not stop at those two days, instead of burning and destroying for weeks.)

But before that one should question the seriousness of the government itself, which says that sequestration was resorted to in order to put an end to the destruction and arson. If it did not occur to the government to use the police for that, then we have no choice but to suspect that Nikita Valentic got the order to write up the decree only after it was reported that the combatants of the Red Army had done their part of the job.

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Council of Europe Approves Country's Membership

AU2909101695 Skopje MIC in English 28 Sep 95

[FBIS Transcribed Text] With an acclamation, and with no votes against, Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] was accepted yesterday to the Council of Europe as a full member under the provisional name with which it was accepted as a member of the United Nations. Following the voting for accession, the European parliamentarians were addressed by the Speaker of the Macedonian Parliament Stojan Andov, in Macedonian language.

He spoke of the background to the proclamation of the Republic of Macedonia as an independent state, as well as the cooperation with the Council of Europe, which he assessed as fruitful and successful. He emphasized that Macedonia benefited a great deal from the expert groups of the Council of Europe, especially upon the adoption of important legal decisions and in the process of coordination of the legislation with the high standards of the Council. The accession procedure was preceded by a debate in the Committee for Legal Issues and Human Rights, as well as the Committee for Political Issues.

The amendments in relation to the legal legislation of the executor Freigh, as it was said, have already been built in and have yet to be incorporated in the laws which are in a phase of preparation. The Commission for Legal Issues has not accepted for Macedonia to be received under its constitutional name, while the Commission for Human Rights said that every country has the right to call itself as it chooses, however, the opinion of this commission was not submitted in the form of an amendment.

Provisions of Draft Law on Higher Education

95BA0340A Skopje NOVA MAKEDONIJA in Macedonian 16 Aug 95 p 9

[Article by Biljana Jovanovska: "Founding a University With a Concession"]

[FBIS Translated Text] The draft law on higher education excited the university public immediately after the procedure for its application was applied. The first to react to some parts of the suggested text was the university senate, followed by the polemic between the rector and the minister of education and physical culture which, at least seemingly, was settled after certain amendments were made to the suggested text. It is true that all the remarks voiced by the university leadership could not be adopted, for naturally, the author—the ministry—did not have to adopt them. Nonetheless, some changes have been made. Meanwhile, a great deal has been said in university circles about the "good" and "bad" solutions included in the law. Even articles which had already been accepted were questioned, although the draft law was read only by a narrow circle of professors who are members of the rectorate of Skopje University. That is precisely the reason for including some of the new features that were proposed in the future Law on Higher Education that, by the end of this and the beginning of next month, will be debated by the members of the Macedonian Assembly.

The most sensitive issue, the autonomy of the university, is settled by Article 6, which stipulates that "the university higher education and other institutions are guaranteed autonomy in engaging in higher education and scientific research and specialization activities, use of assets, international cooperation in the activities of university and higher education establishments, and pursuing other activities included in the university bylaws in accordance with the law."

The range of activities of the university, the higher education institutions, and other establishments within it will remain unchanged. The police will have no right to enter the university's premises other than in cases of overall danger or at the request of the rector.

Higher education will be provided in the Macedonian language and individual subjects could be taught in the languages of the ethnic groups or in one of the world languages. Specifically, the higher education institutions, which will train primary education teachers (and pedagogical departments) will be able to offer training in the languages of the ethnic groups. Future secondary school teachers enrolled in the teaching department will only be taught individual subjects in the languages of the ethnic groups. As was suggested, training in individual subjects may be provided in the languages of the ethnic groups in order to protect and develop cultural and ethnic identity.

Founding a University With a Concession

A university or any other higher education institution may be founded by a Macedonian or a foreign juridical and physical person, but on the basis of a concession granted by the government of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], in accordance with the Law on Higher Education and the Law on Public Services. A foreign university and a foreign higher education system may engage in higher education activities on the territory of the Republic of Macedonia but, once again, with the approval of the government and on the basis of bilateral agreements. A university must have a minimum of

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five higher education and scientific institutions, of which no less than three must be departments based on the stipulations of the Law of Higher Education. The implementation of such requirements will be investigated by a special commission appointed by the minister of education.

The draft law also stipulates the use of quota systems. The number of students, who may enroll in the freshman course and whose education will be financed by the state, will be determined by the government of the Republic of Macedonia, while the number of applicants registered outside that quota will be determined by the university. Stricter requirements have been included in the educational system. Thus, if by 13 November of the this year the student has not completed his exams from the previous year he will have to pay for the training himself.

In the future, assuming that the proposed legal text is not amended by the Assembly, the mandate of the rectors and deans will be four years. As is stipulated, the prorectors will be appointed at the same time as the nominated candidate for rector.

Foundation for Higher Education Activities

The university will include a new institution, a Foundation for Higher Education Activities, which will be part of the Ministry of Education and Physical Education. The foundation will be administered by an administrative council consisting of 15 members, eight of whom will be nominated by the universities. The chairman and members of the council will be appointed or dismissed by the government of the Republic of Macedonia. The foundation will formulate the bylaws and draft a program for higher education activities; it will issue regulations from financing the activities of the universities and higher education institutions, international cooperation and publishing, and issuing legal acts on investments, and will set yardsticks and criteria for granting scholarships and for encouraging talented students. The foundation's activities will also include regulations on the specific allocation of funds to the beneficiaries and will see to their purposeful use. It will formulate a financial plan and draw up the final accounts and submit a report on its activities to the government.

In addition to receiving funds from the foundation, the university and higher education institutions may use funds from providing educational services to students who are not part of the state quota. However, such funds must be used for advancing higher education, improving the material working conditions of the higher education institutions and other projects within the framework of university activities. Furthermore, funds may be earned from the sale of produced goods and providing services within the framework of university activities, interest and dividends, income from copyrights, legacies, gifts, and wills.

Full-time professors with 40 years seniority or who are 65 years old with 15 years seniority will be allowed to retain their labor agreements until they reach 70. However, this will be possible only if the higher education institution determines that it is in the interest of top higher education and scientific research and training activities, or if no other person meeting the stipulations has been appointed.

The draft law increases the rights of the ministry in recognizing diplomas issued abroad and equivalencies. An additional investigative mechanism will include opinions on equivalency by a corresponding higher educational organization, after which the Ministry of Education will stamp the state seal legalizing this diploma.

Whether these and other unmentioned articles of the new draft law on higher education will be amended will depend on the representatives. The proposed text has been submitted to the Assembly and, after several years of waiting and numerous versions, it is expected to become effective at the beginning of this autumn. Naturally, such will be the case unless it is subject to changes requiring more substantial amendments to the text.

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Deputy Minister on NATO Document, Shalikashvili

WS2809130495 Warsaw GAZETA WYBORCZA in Polish 28 Sep 95 p 5

[Interview with Polish Deputy National Defense Minister Andrzej Karkoszka by Pawel Wronski on 27 September; place not given: "To NATO Through Bosnia?"]

[FBIS Translated Text] [Wronski] Today in Brussels the countries that aspire to become NATO members will be officially presented with the document prepared by the Council of Ambassadors and entitled "How and Why NATO Should Be Extended." Now that you have read it, do you still believe that Poland's integration into the organization before the year 2000 is a realistic possibility?

[Karkoszka] There is nothing in this document that would make this prospect more remote. Indeed, no one has ever promised us more than this. In fact, the document is in line with the direction of the efforts made by our diplomatic services. It confirms that NATO will expand, as well as it shares our stand on Russia: it reads that no country has the veto right. The document specifies that it is not necessary that troops of foreign countries and nuclear weapons be stationed on the territories of newly admitted countries. This is in line with our concepts as well. Incidentally, the expression "is not necessary" may be understood as follows: We feel secure for the time being, but if anyone threatened us, troops of the organization would appear on the territories of the new member states.

An important thing is that the document draws our attention to a certain procedure for admitting new member states, which, I must say, is rather complex. The end of the procedure is when NATO extends its invitation. In my opinion, this process will begin in a year or a year and a half—if, of course, there are no abrupt changes on the political scene.

[Wronski] However, the document determines membership in NATO on EU membership, which, in turn, entails a slowing down of the integration process.

[Karkoszka] This is a complete misunderstanding. The document speaks about the countries' "parallel" efforts to join the EU, but it draws a line between these two processes. It even points out that membership in NATO will help in joining the EU. NATO politicians decided to act pragmatically by pointing out that membership in the organization gives the feeling of security. It is simply safer to invest money in a country that is a member of NATO. This means that probably NATO will come first, and then the EU.

A characteristic thing is that the document sets before the applicants certain economic and political conditions rather than military ones. It speaks about development of democracy, stabilization of the future member states, absence of internal and external conflicts, civilian control...

[Wronski] It also speaks about the necessity of proving the desire to join the organization and about the necessity of earmarking "money for this purpose."

[Karkoszka] Now, what is the best way to verify the readiness of our society to join the organization? Is it verbal declarations made by diplomats? It should be proved that we are investing money in the Armed Forces. We should make one thing clear at this point: No one demands that Poles should work their fingers to the bone just to buy new tanks.

[Wronski] The document does not specify when the organization will be extended and which countries will join it. At the same time, the recently adopted Brown amendment obliges the U.S. President to list the countries that are the leaders in the Partnership for Peace program. Does this not enhance our chances?

[Karkoszka] This is a very nice, emotional gesture; however, it is not very likely that it will be of breakthrough importance.

[Wronski] John Shalikashvili, chairman of the Joint Chiefs of Staff, is coming to Warsaw today. When he was in Prague he said that the former Moscow satellites should send their troops to Bosnia. So far we have taken part only in peacekeeping missions, where soldiers saw to it that the truce was not violated. Will our next gesture be sending our soldiers to war?

[Karkoszka] I believe it will. This is my personal view.

We must prove that we want to take on responsibility for Europe's security.

[Wronski] However, it was first of all NATO forces—rapid deployment and air forces—that fought in Bosnia. Is there a formal alliance between NATO and us? On what grounds could we go there?

[Karkoszka] NATO acted in line with a mandate given by the UN Security Council. As is known, Poland implements decisions made by the UN.

Walesa Explains Veto of Pensions Indexation Law

LD2809202895 Warsaw TV Polonia Network in Polish 1901 GMT 28 Sep 95

[Speech by Polish President Lech Walesa on 28 September—recorded]

[FBIS Translated Text] Ladies and gentlemen, a year ago, apologizing to pensioners and annuity holders, I

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gave my word that I would make all possible efforts to change their difficult situation, that I would seek to act in defense of their interests. Today, I wish to fulfill the promise I made. Earlier, there was no such opportunity. The pensions law recently adopted by parliament arouses my serious unease. The principle of revision of benefits registered therein does not fulfill the expectations of the pensioners' community. It does not take into account complex postulates. The government does indeed give assurances that it is beneficial to pensioners and annuity holders. Nonetheless, in my view, it is otherwise. I feel that it will not improve the living conditions of this group of people. That is why I have vetoed it.

I wish to clearly stress that my veto is in opposition to the disproportionate increase of these benefits relative to the growth of the gross national product. The prime minister admits, in a letter to me, that previous governments stood before an identical problem, especially in 1992. Then, however, the present coalition was, together with the present prime minister, in favor of the increase of subsidies for social welfare benefits. Today, it has changed its mind, and it wishes that I, as then, bear the blame for this. I keep my word, to pensioners and annuity holders as to the prime minister and his comrades. To be sure, a little later, but firmly. Please, never doubt this. Pensions and annuities are not any kind of charity or gracious payment on the part of the state. These are benefits that are fully due because they are the return of money drawn during previous years of work.

Ladies and gentlemen, it is not true that the presidential veto in relation to the pensions law constitutes a threat to the state budget. It is in opposition to this particular budget and the people responsible for it. I have been saying for a long time that it is appropriate to change the principles upon which it is constructed, to forsake excessive fiscal stringency in favor of increased taxation discipline. The budget is a reflection of the economic policy of the country. It speaks of its main tendencies and aims; in this particular case it, above all, indicates the disinclination of its creators toward privatization, toward the fast reform of the budget-financed sphere and also social welfare benefits. Such a stance certainly does not favor the Polish transformations.

Ladies and gentlemen, I am accused of the fact that, in my decision, I am being directed by the immediate political benefits, that in this way I wish to gain the favor of the electorate.

I would like therefore to recall that three years ago, when in opposition, the postcommunists bore a grudge against me for not protecting the weakest—that, by signing the pensions law at that time, I damaged their interests. They stirred society up against that decision. The pensioners kept reproaching me for it. They still hold it against me, although I have apologized to them for that decision. The situation was similar, and I promised then that I would remedy this mistake. It is a paradox that today, when I come out on the side of the weakest, the poorest, I am again criticized. Those same people who then, with no thought for the budget, spoke up so fervently for the old-age and disability pensioners, are saying something completely different today. They have donned a new mask. Now the most important thing for them is the budget, not the interests of the most needy people.

The prime minister, in his letter to me, wrote that in the past I did not yield to advice and pressure from those who urged me to veto the same kind of laws concerning social benefits. He forgot to add that it was he himself, together with his party, who applied the pressure. I declare that, just as in the past, so too now I will not yield to any pressure. My veto of that act is an objection to a policy that gives no guarantees of improving the living standard of old-age and disability pensioners and the entire budget-financed sector.

The state is above all of the citizens. Their welfare must be the supreme goal for those in power. I remember this, and I will remember it. I remedy mistakes that have been made, and I do not make them a second time.

Prime Minister Critical

WS2909110295 Warsaw GAZETA WYBORCZA in Polish 29 Sep 95 p 3

[Report by Miroslaw Banasiak in Madrid: "Prime Minister Oleksy on President Walesa's Decision: At His Own Risk"]

[FBIS Translated Text] "The president made the decision at his own risk," Prime Minister Oleksy, currently paying an official visit to Spain, told Polish reporters yesterday. "I regret only that it was imbued with a spirit of fighting the government, which is completely inadequate in this serious matter."

The prime minister referred to Lech Walesa's television speech delivered yesterday, which he saw on the TV Polonia satellite network. "The president devoted only a few sentences to the pensioners. He then went on to attack me as prime minister, the left and the government," he said. "The president has nothing to offer except that all will be well. Struggles are natural if they take place within political parties, but not between central organs of power. I do not applaud the law, but we had to start reforming the pension system somewhere."

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Oleksy stated that, unless the Sejm overrules the veto, the budget deficit will grow in the effect of the indexation of pensions on old principles from the projected 2.8 percent to 4.6 percent. This causes the threat that the annual inflation rate may reach a minimum of 28 percent.

Poll on Jewish Origin of Presidential Candidates

WS2809154495 Warsaw RZECZPOSPOLITA in Polish 27 Sep 95 p 3

[Article by Renata Wrobel: "PBS for RZECZPOSPOLITA on Jewish Motives of the Election Campaign; Living Stereotypes"]

[FBIS Translated Text] *Two-thirds of the voters do not know and have never been interested in whether there is a person of Jewish origin among the presidential candidates. More than half of the respondents would not change their minds if it turned out that the candidate they had already chosen were of Jewish origin (one in four would do it). One in three or four adult inhabitants of our country believe that people of Jewish origin exert great influence on the political, social, and economic life in Poland. Groups that reject such a thesis are more numerous. The poll was conducted for RZECZPOSPOLITA by the Social Research Laboratory [PBS] on 16 and 17 September.*

When we were raising the aforementioned issues in the poll, we were aware of the fact that we were talking not about facts but about stereotypes. Thus, the results we achieved will concern the existence or nonexistence of stereotypes. The poll confirmed a phenomenon observed in numerous studies; in a country where there are almost no Jews (various sources speak about 3,000 to 5,000 representatives of this minority), their alleged participation in public life is said to be quite significant. It also turns out that the real or suggested "Jewish origin" of a given politician is very important to a substantial number of people. Consequently, it may become a weapon in political fighting.

One of the Motives of the Campaign

It is not known whether subjects related to the presence of Jews in public life will be brought up very frequently in the present election campaign. These subjects were certainly raised before the previous presidential election in 1990. It is worth noting that, both then and in the parliamentary elections, openly anti-Semitic candidates and parties lost the competition. Some commentators of political life believe that, in Polish election campaigns, "anti-Semitism," if it appears, is treated primarily as a populist instrument with which to obtain the support of part of the electorate.

In the 1990 presidential campaign, statements on Jewish origin, used in an attempt to discredit a candidate, were voiced first of all about Tadeusz Mazowiecki and his government. Some of Mazowiecki's supporters even believed that this was one of the reasons for his failure. The candidate himself consistently evaded this issue and declined to get involved in any discussion on this subject. Circles linked to the prime minister were embarrassed to hear about such attempts to "help out" as quoting the description of the Catholic funeral of his father or assurances that there exist genealogical tables of the Mazowiecki family that go back to the 15th century (Bishop Alojzy Orszulik brought up this subject, stressing at the same time that "it is morally dishonest to use such an argument").

Most charges of using anti-Semitic slogans were leveled at Lech Walesa. Actually, these accusations were not leveled at Walesa himself but at some of his voters, to the statements of whom he did not react firmly enough. Walesa stressed on many occasions that he is not anti-Semitic and that he condemns anti-Semitism; in addition, Walesa was also frequently "accused" of favoring Jews. Here is the standard answer Walesa gave on the Jewish issue: "Many people want to maneuver me into anti-Semitism, so that I will not mean anything in the international arena. Such misunderstandings are caused by the unclear system. If we have a clear system of government, it will be obvious who is who and where they come from."

It is also worth noting that, in the 1990 campaign, all of the main candidates, except Mazowiecki and Cimoszewicz, stressed the "Polishness" of their origin. It also happened that they gave assurances that there existed documents that proved this.

One in Four Would Change His Mind

Among the adult inhabitants of Poland who took part in the PBS poll in mid-September, as many as 18 percent "know that there is a person of Jewish origin among the presidential candidates," and 15 percent "know that there is no such person." The rest—two-thirds of the respondents—were not interested in this. This last group consisted primarily of people with a higher education, managerial cadres and free-lances, private entrepreneurs, and school and university students.

More than half of the respondents (56 percent) consider this issue so trifling that, even if it turned out that their candidate is of Jewish origin, they would still support him. The likelihood of such behavior increases along with education and wealth of the respondents; it decreases along with their age. One in four respondents (25 percent), particularly people who are poorly educated,

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not very well-off, elderly, unemployed, and blue-collar workers and inhabitants of rural areas, would change their original decision. One in five is not certain how he would act in such a case.

Potential voters of Jacek Kuron maintain more often than others that they do not care about the origin of the presidential candidates and that such information would not influence the decision they made at the ballot box. Also a large number of those who support Tadeusz Zielinski would not consider Jewish origin a good reason to change their preferences.

Among the supporters of the main presidential candidates, the percentage of people who might be concerned about the "Jewish origin" of their candidate ranges between 19 (Jacek Kuron) and 30 (Hanna Gronkiewicz-Waltz and Lech Walesa). These people are more numerous among the supporters of Waldemar Pawlak, Leszek Moczulski, and Jan Olszewski.

At this point, it is worth recalling the results of the research carried out in July of last year by the Public Opinion Research Center [CBOS]. In this research, one in two inhabitants of our country said that he would have something against the assumption of the office of the prime minister by a Pole of Jewish origin, and 42 percent would not be against it. It turned out, however, that attitudes toward representatives of other nationalities are quite similar and that Poles would not approve of a prime minister of Russian, Lithuanian, German, or other origin more than of a prime minister of Jewish origin. "One can suppose the respondents were guided by a general principle rather than by their attitude toward one specific national minority," CBOS researches commented.

Influence Exerted by People of Jewish Origin

There are a significant number of people in the Polish society who agree with the opinion that people of Jewish origin have considerable influence on the country's affairs today. Substantial influence on social issues is seen by 26 percent, on political life by 30 percent, and on the economy by 33 percent. The groups of people who do not agree with such a thesis are more numerous: In the case of social issues they constitute 43 percent, of politics 39 percent, and of the economy 37 percent. The rest, approximately 30 percent, do not want to take a stand on these issues.

In all of the aforementioned issues, the considerable influence exerted by people of Jewish origin is most readily discussed by older respondents, peasants, and inhabitants of the countryside. Disagreement is expressed primarily by people with a higher education, under age 24, and private entrepreneurs. In nearly all groups, there are more opponents than supporters of the thesis on considerable influence of people of Jewish origin. Peasants, for example, are an exception; they believe that these people exert an influence on politics and the economy.

People who want to vote for Jacek Kuron are the most consistent in denying that citizens of Jewish origin exert significant influence on the country's life; supporters of Tadeusz Zielinski provide similar answers. Voters of Aleksander Kwasniewski and Lech Walesa more often than others term this influence as great. Supporters of Hanna Gronkiewicz-Waltz more readily than others refuse to take a stand.

The author used the results of a poll the PBS conducted for RZECZPOSPOLITA on 16 and 17 September 1995 on a representative 1,040-person sample of adult inhabitants of Poland. The article also includes the results of a CBOS poll conducted between 21 and 26 July 1994 (a representative 1,166-sample of adult inhabitants of Poland).

Do you think there is a person of Jewish origin among the presidential candidates?

	Percent
No, there is no such person	15
Yes, I know there is such a person	18
I do not know; I have not been interested in this	67

What if you knew that the candidate for whom you intend to vote is of Jewish origin?

	Percent
I would change my mind	25
I would vote for my candidate anyway	56
Hard to tell	19

Solidarity Strategy for Presidential Campaign

95EP0152A Krakow TYGODNIK MALOPOLSKA in Polish 15 Jun 95 No 23, p 3

[Unattributed article: "The Seventh National Congress of Delegates: Against Impoverishment and Mafia-Controlled Privatization"]

[FBIS Translated Text] Any observer closely following successive days of proceedings could get the impression that this year's meeting in Gdansk was fundamentally

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different from those organized in the past. Explicit emphasis on the 15th anniversary of the formation of Solidarity could be seen lacking, as well as an outside display offering information on the congress itself. Modest little banners set up at the entrance doors of the auditorium could hardly be seen as such. One could say that this was not of the essence; however, it is hard to ignore the need to publicize the proceedings of the most powerful trade union organization in Poland. It is not my intention to enumerate all of the mistakes made by the organizers; I will only mention that delegates had to stand for a long time in a snaking line in order to have a bite after many hours of proceedings. In this manner, they created a sensation for the residents of the Tri-Cities and the cafeteria personnel. However, these were just small shortcomings which could not be avoided and which did not influence the substantive aspect of the congress.

The basic part of the proceedings was clearly divided into two stages. As could have been expected, the election of the chairman of the union for the next term stirred great emotions. Inasmuch as it was known in principle that there were no serious competitors to Marian Krzaklewski and that he was the indisputable leader of this organization, the proposed alternative candidates got a controversial reception. Its epilogue came in the form of the number of votes received by the candidates.

The election of delegates to the National Commission and the National Audit Commission was far less emotional. In this instance, the quantitative parity policy did what it was supposed to; an overwhelming majority of candidates received the required number of votes. We should recall here that Jacek Smagowicz, a delegate from our region, ranked second in qualifying for a National Commission slot with 308 votes, right next to Ewa Tomaszewska (331) which emphatically testifies to his popularity and recognition from trade unionists across the country.

Upon electing the new leadership, the congress moved on to the main proceedings interspersed with presentations by invited guests. In this instance, particularly noteworthy were two appearances by President of the Republic of Poland Lech Walesa (see a report on the conversation with trade unionists in the next issue of TYGODNIK MALOPOLSKA), as well as a presentation by representatives of the Chechen President Dzhokhar Dudayev who were given a loud standing ovation. Well-known figures such as Father Jankowski, Lech Kaczynski, or senators of the Solidarity faction in the Senate could be seen among the guests at the congress. Representatives of the city authorities hosting the delegates were likewise in attendance.

As always, the Program Resolution setting forth the policy for the forthcoming difficult period was the most significant document at the congress in session. The delegates recognized comprehensive distribution of property through endowing the public to be the priority task. For trade unionists, this means continuous vigilance to ensure that assets "privatized" by the currently governing coalition are not passed on to the postcommunist *nomenklatura*; so far, this has been consistently accomplished causing the impoverishment of the public which is poor to begin with. A question may be asked at this point about the ways in which the union is supposed to achieve this objective, given that it lacks adequate representation in the parliament which would be capable of counteracting such practices. Everyday life shows that strikes, pickets, and protest marches aimed at bringing pressure to bear on the governing elite remain in the arsenal of Solidarity. Looking at the latest moves of the representatives of the authorities and their simply unprecedented arrogance, one can assume that the union will be forced to maintain almost continuous readiness and constantly state its disapproval by mobilizing its members militia-style. Solidarity will be forced to achieve in this manner the second objective set by the congress, namely, to bring about the growth of remunerations and to protect families against poverty. A drastic decline in the level of remunerations, and the attendant impoverishment of the public, are being felt under the rule of communist apparitions. Minister Kolodko pursues a financial policy he alone understands; it obviously favors the fueling of inflation which is beneficial for the government and at the same time disastrous for the country. The recently proposed inflation-control "mini-packages" may cause nothing but a compassionate smile rather than giving hope for a systemwide improvement in the situation. This is a very significant problem which the union will have to face very shortly. As if this were not enough, the issue of social insurance and universal access to health care also devolves on the union.

Finally, there is the presidential election which awaits all of us this year, perhaps the most significant issue for Poland. We have quite a number of aspirants for the presidency whereas it is common knowledge that only one individual nominated and accepted by the entire Solidarity camp stands a chance. The delegates stated this in their presentations, making their support contingent on the right-wing parties meeting conditions set at the congress. Solidarity will support a candidate who undertakes to incorporate the main planks of the union in his program and at the same time identifies himself with Christian values and the social teachings of the [Catholic] Church.

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Should it become necessary the union is prepared to convene an extraordinary congress in order to make a decision on possible support for a candidate who meets the conditions set. In view of this, the words of Lech Walesa addressed to the delegates sounded prophetic. He ruled out the possibility of right-wing parties nominating a single representative and endeavored to make the delegates understand that a lack of an unambiguous decision by the union on this issue paves the way to the presidency for the postcommunists.

Tension in Governing Coalition Observed

95EP0152B Warsaw TYGODNIK SOLIDARNOSC in Polish 30 Jun 95 No 26, p 2

[Article by Andrzej Sados under the rubric "From the Senate": "The PSL Prefers a Compromise With the Opposition"]

[FBIS Translated Text] At its latest meeting, the Senate gave its consent to a PSL [Polish Peasant Party] politician, Janusz Wojciechowski, filling the position of chairman of the Supreme Chamber of Control. Despite the fact that he was a joint candidate of the coalition, it was impossible for more than an hour to hold a vote to elect him. Contrary to previous agreements, SLD [Alliance of the Democratic Left] senators quite unexpectedly attempted to force the PSL members to support the design to bring down Chairman of Polish Television Wieslaw Walendziak. When the PSL refused, the postcommunists left the Senate chamber, taking away the quorum which was necessary to hold the vote. However, they were in for a surprise: The PSL members preferred to come to an agreement with the opposition. The vote took place only due to the presence in the chamber of almost all senators from the oppositional Solidarity and Labor Union factions. A conflict that serious between coalition partners occurred for the first time in the history of the third term of the Senate; it was also the first occasion on which the PSL faction in the Senate cooperated with the opposition so closely.

By all signs, the abortive attempt to blackmail the PSL faction was engineered by Ryszard Jarzembowski, the SLD leader in the Senate. Jarzembowski, a typical representative of the old party hardliners who is ruthless and does not mince words, has caused many an embarrassing scene when he quarrelled with the chair to be given the floor or interrupted presentations by senators from the opposition. Being aware of the peculiar features of the PSL faction in the Senate, which had always been faithful to its coalition partner and unlike the representation of the party in the Sejm, had, in principle, no great ambitions (PSL senators are definitely second-stringers among PSL politicians), Jarzembowski had gambled everything on one card and, as it turned out later, had miscalculated.

Nor does anyone have any illusions about the PSL suddenly becoming a defender of Chairman Walendziak: The ill will toward him turned out to be much weaker than the outrage over the unexpected blackmail attempt. Jarzembowski lost because he treated the PSL members who until then had been reliable just as he had previously treated the Solidarity faction—from a position of strength, without even a modicum of political skill. Later, he told journalists that the SLD senators failed to vote "for procedural reasons" since a break ended too quickly. The truth of the matter is that Speaker Stefan Jurczak (Solidarity) ordered a break of more than one hour at the request of the SLD faction. Of course, he recalled that during the discussion of the considerably more important budgetary law, the Solidarity faction was not allowed to take even a five-minute break to coordinate a joint position. The proceedings dragged out into the late night hours, and nobody had any illusions about the stance of the postcommunists.

The consequences of the clumsiness of the head of the SLD Senate faction were not long in coming: The opposition received assurances that someone from its ranks would become the deputy chairman of the Supreme Chamber of Control. The name of Teresa Liszcz, a former deputy of the Center Accord, has been mentioned so far; the PSL deputies may wish to support Senator Piotr Andrzejewski (Solidarity).

Things may now get to be considerably more interesting in the Senate because the PSL members have most obviously lost confidence in their government coalition partner. This was shown by votes held on the following day in which some coalition senators for the first time voted against the amendments supported by their factions. This may give a freer hand to the opposition and make it possible to effectively block government-sponsored draft laws, if only the most controversial ones. One thing is certain: The previously monolithic and disciplined bloc of the government coalition in the Senate has been significantly weakened. The PSL senators for the first time came to an agreement with the opposition on a serious issue and, most importantly, will now have to return the favor to it somehow.

Defense Deputy's Intelligence Connections Revealed

95EP0144A Warsaw GAZETA POLSKA in Polish 22 Jun 95 No 25, p 2

[Article by Piotr Jakucki: "Italian Computers Say: Agent"]

[FBIS Translated Text] In 1994 Andrzej Karkoszka was not admitted to Italy because in the computer

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records of Italian counterintelligence he figured as an agent of the intelligence services of the former Communist bloc. On 12 June 1995 Prime Minister Jozef Oleksy appointed Karkoszka deputy minister of national defense, replacing Jerzy Milewski.

The appointment of Karkoszka was Oleksy's condition for agreeing to sign Defense Minister Wojciech Z. Okonski's recommendation for the recall of Milewski, Walesa's representative in the defense ministry, a recommendation which had lain on Oleksy's desk for more than two months.

The Would-Be Minister

Not so long ago Milewski had enjoyed the full confidence of the president. His prestige plummeted when during the so-called dinner in Drawsko he opposed the plans of Lech Walesa and Gen. Tadeusz Wilecki.

Recently Karkoszka failed by just a hair to become the minister of defense.

When in early December the SLD-PSL [the Democratic Left Alliance and the Polish Peasant Party] governing coalition failed to get Longin Pastusiak appointed to that post, Kwasniewski [the head of the SLD] and Oleksy nominated Karkoszka in his stead. But the president objected to it and forced through the appointment of Okonski.

Now, however, the president must accept Oleksy's decision. According to unofficial reports, Okonski wanted, in accordance with Walesa's wishes, to limit the powers of his new deputy to responsibility for legislative matters. But Karkoszka pushed "Walesa's minister" against the wall. "He said that either he keeps all the powers that go with his post or he refuses to accept it," said a defense ministry employee.

In the Polish Communist Party Executive Committee and the United Nations

Andrzej Kartoszka developed his world outlook in Communist youth organizations. He was a protege of Ryszard Frelek (head of the Foreign Department of the PZPR Central Committee and subsequently member of the Central Committee Secretariat). He was graduated from the Main School of Agriculture and took courses in journalism. In 1977 he wrote his doctoral dissertation at the Polish Institute for International Affairs.

At the PZPR he was a member of the Central Committee's Subcommittee for Youth Affairs.

In the late 1980s he became an informal foreign affairs adviser to W. Jaruzelski.

In the 1980s Andrzej Kartoszka worked for the Ministry of Foreign Affairs. For three years he lived in Sweden, as an associate of the Stockholm Institute for Peace Research (SIPR), and then for five years in the United States (in New York and Washington), for the United Nations as well. When asked about that stage in his life he usually refrains from answering, according to one of his associates.

Drafted by Onyszkiewicz

In 1993 Kartoszka was recruited for the Ministry of National Defense by its then head Janusz Onyszkiewicz (Democratic Union, now Freedom Union) and his deputy, Przemyslaw Grudzinski. He became an adviser to the deputy minister for international affairs as well as a deputy director of the ministry's Department of Strategic Studies. "At the time he could not become a [department] chief owing to his political past," said a defense ministry employee.

Following the electoral win of the communists and the appointment of Admiral Piotr Kolodziejczyk to the post of defense minister, Kartoszka was appointed by Milewski as director of the Department of International Security.

An Inglorious Return

Recently the prime minister appointed a former "Esbek" [member of the former Communist security service], Andrzej Ankiewicz, as the head of his team of advisers. The new deputy minister of defense, too, has some unclean pages in his biography. The West is perfectly aware of this.

Until 1982 Kartoszka's name was on the black list of personas non gratas in all the member countries of NATO.

Last year, 1994, Kartoszka (then director of the Defense Ministry's Department of Strategic Studies) traveled with associates to Italy for a NATO seminar.

At the airport he was detained. The Italian counterintelligence service had his name on its computer records of agents of the special services of the Eastern Bloc. Since Kartoszka had a diplomatic passport and thus could not be interrogated, he was merely barred from entering Italy and sent back to Poland on the first available plane. Minister Kolodziejczyk ordered a "maximum hushing-up" of this affair. To this day it is not known whether it concerned Karkoszka's ties to the Polish intelligence service or to the Soviet GRU, as a former high-ranking defense ministry employee told GAZETA POLSKA.

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Law on Privatization, Commercialization Criticized

95EP0153A Warsaw TYGODNIK SOLIDARNOSC in Polish 30 Jun 95 No 26, pp 1, 11

[Article by Teresa Wojcik: "Battle Over Cold Cash. Commercialization Continued"]

[FBIS Translated Text] The closer the end of parliamentary proceedings over the government-sponsored draft law on commercialization and privatization of state enterprises draws, the more apparent it becomes that the SLD [Alliance of the Democratic Left] needed the law for political purposes. As Minister of Ownership Transformations W. Kaczmarek said, the fast-track adoption of the law was necessary so as to prevent commercialization from becoming a political football during the presidential election campaign. He failed to add, however, that a fait accompli is necessary, a situation in which it will no longer be possible to implement universal endowment with property. To this end, the government has agreed to various changes which had originally appeared unacceptable. The problem is that the SLD may fail to carry out its plans as a consequence of such changes.

Deputy Cezary Mizejewski comments thus: "The fast track was needed for several reasons, first of all because given the tremendous haste of such a track it was easier to push through the law in the form in which the government submitted it and which the government needs. Of course, the design of the government and the coalition is to render impossible not only universal endowment with property but also any serious debate on the transformation of the Polish economy." There has been no such debate, and there will certainly be none after the law is passed.

There is no dearth of questions and doubts. One thing is certain: Apart from the above fundamental reservations, the law contains too many unpolished provisions; its stance on directions for privatization and many legal acts is not clear. As it is, the subject matter involves the political system and is very difficult; pertinent regulations should dovetail with the civil code, the commercial code, a package of laws of the State Enterprise Pact, and the labor code, along with regulations which are just being developed, for example, those on the reform of the central economic echelon. The confusion may be monumental and conducive to crime, as Deputies Wladyslaw Frasyniuk and Jan Wyrowinski stressed in particular.

The draft contains no eye-openers as far as privatization tracks existing to date are concerned. Only a few new procedural opportunities are proposed, such as management contracts, sizable preferences for the management, sales of enterprises to Polish capital on installment plans, establishment of partnerships with the participation of the state treasury and the creditors, or organization of partnerships by the employees and the state treasury. In the latter case, employees to whom the law gives 15 percent of the shares free of charge would be able to purchase additional stock from the state treasury in annual installments.

In general, it has been stressed that commercialization is a stage preliminary to privatization.

The government draft has been amended considerably in the course of the proceedings of the Special Commission on the Draft Law on the Commercialization and Privatization of State Enterprises. Some of the amendments relate to the draft law on the privatization of state enterprises prepared by the Special Commission for the State Enterprise Pact and a deputy draft of the law on the privatization of state enterprises.

The commission headed by Deputy Bogdan Pek actually worked nonstop for almost two weeks in order to finish the work on 23 June, one day later than scheduled. On the last day, regulations which experts had found to be unconstitutional were dropped. Work was more difficult than words can describe. Everyone went against everyone else, and the strangest extemporaneous alliances were forged in voting. After a few days of work, Deputy Wojciech Blasiak (KPN [Confederation for an Independent Poland]) officially resigned from the commission: "I will not work on developing a law for more fraud and theft." Solidarity observers who were invited to take part in the meetings took a very critical view of the draft. Frictions within the SLD-PSL [Polish Peasant Party] coalition were spectacular.

Therefore, the work did not progress as fast as it should have. By the night of 22 June, they succeeded in setting forth and voting on 59 articles out of 74 in the draft. At that point, Deputy Leslaw Podkanski (PSL) suddenly introduced a motion which fundamentally changed the first part of the law, as well as its thrust. First, he proposed that arrangements be introduced whereby enterprises would be commercialized for privatization purposes by the minister of ownership transformations with the consent of the Council of Ministers given in the form of an executive order. Other commercialization projects would be carried out independently by the parent agencies, i.e. the minister of industry and commerce, the minister of agriculture, and the minister of foreign economic cooperation (all are PSL members), as well as voivodes. This greatly reduces the authority of the minister of ownership transformations.

Second, the PSL won a fight for something of a "privatization map." Specifically, the privatization of

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the alcohol, tobacco, oil, and gas sectors, banks and insurance institutions, telecommunications and power grids, sea and river ports and airports, hard coal, brown coal, and ore mines, and ferrous and nonferrous metallurgy plants would require consent of the Sejm. PSL and UP [Union of Labor] deputies believe that this would effectively prevent fraud and abuses of privatization.

The introduction of these amendments caused acute, albeit ineffective, protests from the opposition. In exceptional unison, all UW [Freedom Union] deputies, UP Deputy Wojciech Borowik, and three SLD deputies resigned from the commission. A row like this had never happened before in any of the Sejm commissions.

UW deputies were of the view that the current draft law would delay privatization by a dozen years or so, or perhaps forever. The rest of the protesters believed that the "Podkanski amendments" were introduced and approved in an impermissible manner deviating from the bylaws of the Sejm. A protest was lodged with the Sejm Presidium which on 23 June ruled the protest to be without merit. Instead, the Presidium approached the Council of Ministers in order to cancel the fast track status and switch to the regular track of proceedings on the draft law. The argument was that over 70 minority amendments had been accepted which made the second and third readings at the next meeting of the Sejm impossible.

Commercialization has always been a "hot-button" issue. Proceeding from the current draft law, some experts on the subject are apprehensive about this being "mass" commercialization on orders. Despite privatization being in effect emphasized in the new law, others believe that the Oleksy government should not be trusted. It is an indisputable fact that so far many partnerships of the state treasury have not been privatized although the current law has a provision to the effect that they should have been within two years. Some of these partnerships will be included in the program of National Investment Funds, and others into the insurance compensation funds which are to be established shortly (?). It may be assumed that such new privatization will generally be "political," resulting in gains for the well-known quarters.

Regulations on boards of trustees at commercialized enterprises cannot but give rise to doubts. First, this means about 20,000 soft jobs, whichever way you slice it. The jobs will be handed out by those who make commercialization decisions—the government, the parent agencies, or the minister of ownership transformations. Furthermore, there are the powers of the individuals serving on the boards of trustees. The commission has approved an amendment to the effect that one should not take an exam to become a board member, as has been the case to date. This stipulation made by OPZZ [All-Polish Trade Unions Agreement] Deputy Maciej Manicki was approved because, allegedly, "90 percent of employee representatives cannot pass through the examination filter whereas these representatives should serve on the boards of trustees." Some experts believe that the manager should not automatically become chairman of the board of the company. This would perpetuate ineffective management structures. It is also bad that notaries are left out of drafting the basic documents of companies which endangers the reliability of economic transactions and gives sanction to the incompetence of state administration. Obviously, it is yet another mistake to pass this law while the institution of the state treasury is lacking; everyone has been talking about it for a long time, but there still is no draft of statutory regulations.

As is known, it is hard to produce a law which everyone likes, especially if it touches on subject matter as essential and delicate as economic transformations. Arrangements which are in line with the interests and views of the coalition will be approved both by the Special Commission and the parliament. Something like the 15 percent of free shares for employees, farmers, and fishermen is provided in order to persuade the public, or at least a significant part of it. However, the danger is that, once adopted and implemented, the law will render universal endowment with property impossible. Rapid commercialization and subsequent privatization "on orders" will result in there being nothing to endow us with. Besides, given the mass placement of 15 percent of the shares, how can it be ascertained who has already been endowed with property and who has not?

The only hope is that the president of the Republic of Poland will veto the law. After all, he promised Chairman of the Special Commission Bogdan Pek that he would do so.

Trade Union Opinion

95EP0151A Warsaw TYGODNIK SOLIDARNOSC in Polish 23 Jun 95 No 25, pp 10-11

[Article by Teresa Wojcik: "Commercialization Without Property Empowerment of the Citizens: The SLD Wants To Hold the Nation's Economy in Its Grip"]

[FBIS Translated Text] The Jozef Oleksy government presented to the Sejm on 8 June the draft of a bill on the commercialization and privatization of state enterprises, upon recommending priority of consideration so that the bill may be passed even before June is over. Both this

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recommendation and the real purpose of the commercialization, as ensuing from Deputy Minister Grzegorz Kolodko's "Strategy for Poland," clearly reveal how the SLD [Democratic Left Alliance] intends to seize control of the management of public assets.

The above-mentioned draft limits privatization to the direct privatization of enterprises with up to 500 employees. As for commercialization, it is to affect an overwhelming majority of the current 4,000 state enterprises which, owing to their transformation into Treasury companies, will become directly dependent on the central government, and principally on the minister of privatization. As for the priority requested, the attendant haste would mean various legal omissions, which in practice is bound to result in further abuses and scandals.

During the Sejm debate following its first reading, the draft bill was championed only by the SLD Parliamentary Club. Deputies from other parties, including the PSL [Polish Peasant Party], the SLD's partner in the governing coalition, punctured all the pretenses of that draft and demanded voiding its priority status. The Caucus of Polish Socialist Party Deputies moved that the draft be rejected in toto. Deputy Jan Wyrowinski (Freedom Union) argued that such commercialization would actually obstruct privatization by perpetuating the existing economic structure. In his opinion, the regulations allowing the exchange of enterprise debts for shares in the commercialized enterprises are highly unfavorable. Deputy Boguslaw Kaczmarek (Union of Labor) declared that mass commercialization would be premature, to say the least, because the Treasury does not exist as an institution and there is no machinery for monitoring the processes of ownership transformation. The Confederation for an Independent Poland pointed out that it is a complete regression to centralized command of the economy.

The debate did not cover all the problems with that draft. Thus, the government transmitted it to Sejm for passage despite its rejection by the Trilateral [Government-Employers-Employees] Commission for Social and Economic Affairs, which had proposed submitting to parliament a totally different bill for privatizing state enterprises in accordance with the negotiations that led to the Pact on the State Enterprise. The Seventh Solidarity Congress likewise protested in this connection, on adopting an appropriate resolution and stressing that the government intends to use the law on the commercialization and privatization of state enterprises in order "to prevent NSZZ Solidarity's postulate for the property empowerment of citizens from becoming translated into reality." And this is the most important accusation.

A Hodgepodge

Despite the critical comments, Sejm consented to prioritize the related legislative work. In addition, it formed the Special Committee for the Commercialization Bill. Its chairman, Deputy Bogdan Pek (PSL), is a major opponent of the draft bill itself, and of the privatization minister. Starting on June 13 the committee engaged in heated disputes. In the so-called interim period the government modified the draft somewhat, which of course did not make the deputies' work any easier, because they received the amended versions of the draft as late as at their meeting. Those participating in the work on the draft include numerous trade unionists, including the Solidarity ones, along with representatives of private business and the Polish industrial lobby. In general, the opinions on the government draft are highly critical.

The draft in question omits an important section, which was contained in the previous versions (and is contained in the "Pact" draft), dealing with the state enterprise. Its section on privatization concerns [only] small enterprises, which are easier to privatize through direct privatization.

Under this draft, nearly all state enterprises, with the exception of specified groups, may be commercialized; the decision will be taken by the privatization minister alone, regardless of the opinion of the enterprise management and worker council. Not even the finance minister would be endowed with such economic clout. But it is difficult to identify what would be the rationale for such decisions by the privatization minister, because the draft defines neither the legal context nor the legal possibilities. The only rationale is found in the preamble, in which the government declares that its purpose is "the mass commercialization and direct privatization of small enterprises." In other words, the government will do what it likes and whenever it likes.

Why Be Bamboozled?

It appears doubtful that thus conceived commercialization will promote the privatization process. The current pace of commercialization is no obstacle to ownership transformations. To be sure, however, a substantial number of commercialized enterprises has not yet become privatized despite the time limits specified for that process under the existing laws.

The possibility, under the new draft, that the Ministry of Privatization may become a general "owner" of the Polish economy, of course upon neglecting its own "privatizing" functions, arouses misgivings. One of the arguments cited in favor of commercialization is the need for a new allegedly "market-oriented" regulation of the relations between the state enterprise and the owner.

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But it is not true that at present these relations are improper and that one-person Treasury companies always are better. On the contrary. State enterprises are free of administrative intervention in their management and can freely adapt themselves to market conditions, whereas commercialization, which means that the management is directly dependent on the government administration, fundamentally restricts the scope of independence of the one-person Treasury company. What is more, so far such Treasury companies have not proved to be markedly superior to the typical state enterprise from the standpoint of financial performance. Quite to the contrary. As regards their restructuring, in that respect too it has to be stated that the present structural flaws in state enterprises are only apparent, and that their commercialization will not result in simplifying and clarifying their management.

Another related problem is the attendant staffing powers of the government administration, which, under the draft in question, would have the sole say on appointing some 4,000 chairpersons of supervising councils and a much greater number of their members. That is a great political pork barrel, the more so considering that positions of this kind are quite well paid without involving any personal accountability. [Under the draft] the Ministry of Privatization alone makes such would make personnel decisions. Special apprehensions there are elicited by the possibility of recalling an enterprise's board of governors for other than substantive reasons, which in practice means recalling disobedient members, as confirmed by the experience so far with staffing executive positions in one-person Treasury companies.

The experts concur: From the economic standpoint, commercialization is unnecessary. It will not speed up privatization either. Why then be bamboozled?

A Clever Maneuver

Longin Komolowski, Solidarity's representative in the Trilateral Commission, believes the government's draft involves a ruse. What happened was that the partners in the Trilateral Commission decided in July 1994 to support jointly the aforementioned "Pact" draft and reject the government's draft, but now it turns out that the government ignored that rejection and resubmitted its own draft in a somewhat altered form. Komolowski said, "The conversion of all state enterprises at once to one-person Treasury companies is unacceptable. One has to suspect that the purpose is to prevent universal property empowerment. Such precisely is the purpose of some of the provisions of the government's draft. I am also critical of the elimination of worker councils and of the influence of workers on the privatization process. After all, this cannot be offset by granting a gratis 15-percent stake to employees."

It sounds so tempting, this gratis 15-percent stake. But there is also a big catch to it. Article 37, which specifies that employees can be granted 15 percent of shares, includes the proviso that the combined face value of employee-held stock may not exceed the mathematical product of the number of eligible employees and an amount equal to 18 months of average pay in the state enterprise sector—exclusive of the profit payments reckoned for six months prior to the month in which the employees acquire that stock. These are big restrictions!

The Special Committee for the Commercialization Bill is meeting daily until 20 June. On the following day the second reading of the bill is to take place. It is as yet difficult to foresee the final shape of the bill and whether it will be passed. But we are facing yet another major threat.

Pros, Cons in Bank Privatization Report

95EP0150B Warsaw NOWA EUROPA in Polish 22 Jun 95 p 16

[Article by Przemyslaw Szubanski: "Three Strategic Options; Rothschild and Access on Privatizing the Remainder of the 'Nine' Banks"]

[FBIS Translated Text] N.M. Rothschild & Sons, Ltd., and Access, Ltd., have presented to the Ministry of Finance a report which it had commissioned on the subject of strategies for privatizing the six remaining banks of the "Nine": Bank Gdanski SA, Pomorski Bank Kredytowy SA [PBK SA], Bank Depozytowo-Kredytowy SA, Bank Zachodni SA, Powszechny Bank Gospodarczy SA [PBG SA], and Powszechny Bank Kredytowy [PBKS].

These banks are to be privatized by the end of 1996. In view of this short time frame the Ministry of Finance has commissioned well-known Western consulting companies to prepare a report on the possibilities of privatization.

Basic Premises

In the opinion of the report's authors, by the end of 1996 the Polish stock market will be unable to absorb the public offerings of shares in all the banks concerned. Even if the stakes were limited to 51 percent of capital, that still would be equivalent to about $400 million. Hence all such offerings must be limited.

Public offerings of shares in the WBK, BSK, and PBH banks took place over the last two years. Hence it will not be feasible to organize offerings of shares in the six

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other banks by the end of 1996—their number must be reduced.

As presented by four banks—Bank Depozytowo-Kredytowy in Lublin, Bank Zachodni in Wroclaw, Pomorski Bank Kredytowy SA in Szczecin, and Powszechny Bank Gospodarczy SA in Lodz—the model of their consolidation and other similar proposals cannot be implemented within the specified time frame. The model of the group of four and other proposals for greater than bilateral consolidation neither strengthen the sector nor simplify the privatization process. On the contrary, they may markedly complicate and retard that process.

In the absence of instructions from the Ministry of Finance which would clearly define the purposes and scope of powers of the banks, and also in the absence of the requisite timeline, the banks will not accomplish any major progress in their contacts with potential strategic partners. If the privatization is at all to proceed in accordance with the timetable agreed upon with the countries donating $600 million for this purpose, the finance ministry must direct it in a resolute and proactive manner, upon using an appropriate package of incentives and sanctions. At the same time, the ministry should avoid solutions that would amount to imposing its choice on the banks—apart from exceptional cases.

The Privatization of Bank Gdanski

In the opinion of Rothschild and Access, Bank Gdanski SA can be privatized according to its current concept. Both consulting companies caution, however, that unless the market situation improves markedly, foreign institutional investors may show little interest. At the same time they do not think it a good idea to modify the concept of privatizing Bank Gdanski, unless that would entail substantial advantages to the finance ministry. One such advantage would be encouraging or forcing that bank to take over one of the weaker members of the foursome even prior to their privatization. However, the political consequences of such a step would have to be weighed, along with the possibility that privatization might have to be delayed until after 1996. The consultants believe that the concept and timetable for the privatization of Bank Gdanski are sufficiently advanced, and that the operation should proceed as planned. Hence the strategic options presented below do not apply to Bank Gdanski.

The Privatization of Powszechny Bank Kredytowy

PBK SA should be basically in the same situation as Bank Gdanski, the report's authors claim. However, recent information about substantial losses in the lending operations of certain branches of PBK elicits doubt as to the quality of its internal audits. The bank's role in the options presented in the report will therefore become clear only after the auditors complete their work.

If it turns out that the PBK cannot make a public offering of its shares, as an alternative solution the Ministry of Finance may select from the group of four another bank to be privatized through public offering, or it may increase to five the number of banks comprised in the recommendations of Rothschild and Access.

The Group of Four

The report states that the discussion of consolidating and privatizing the Polish banking sector has so far been focused on the question of whether consolidation prior to privatization would be a better solution (on utilizing the possibility of exerting pressure on the banks by their owner, that is, by the finance ministry), or whether the banks should first be privatized and then the market-dependent consolidation of the sector permitted. The report's authors incline toward the latter solution, believing that the market and its participants are best situated to decide on the consolidation. Provided that there are no legal or administrative constraints, the weak banks will find stronger partners (and vice versa) with the participation of third parties (shareholders) and upon supervision by the National Bank of Poland [NBP, the central bank]. Nevertheless, the report's authors also presuppose three strategic options that combine elements of privatization before consolidation and vice versa.

Option One: Consolidation

The consolidation option presupposes the establishment of a holding company by the Ministry of Finance, with the ministry contributing to it 100 percent of the shares in the four banks. The task of the banks would be to combine (wholly or partially) their operations, which would take about two years. At a certain stage of the consolidation a strategic partner would be included, which should facilitate the future privatization of the holding company and assistance in the process of consolidation. The advantages of this concept include the formation of a bank with a capital of the order of $350 million, capable of competing directly with PKO BP, Pekao SA, and Bank Handlowy in Warsaw SA. It would maintain a network of almost 350 offices. Then the possibility of consolidating the sector without having to rely on the assistance of other shareholders would be achieved. However, until an appropriate strategic partner willing to invest in that holding company during the initial stage of its operations is found, the ministry would risk finding itself in the situation of owning a structure that is neither lucid nor efficient. That is

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because complete integration of all kinds of operations is required for the merger to produce economic effects. An effective consolidation may require demanding that the banks' boards of governors resign and appointing new managers of the holding company, which may meet with resistance and require applying appropriate incentives and sanctions.

The report's authors emphasized that, apart from one bank that supports this concept (and acknowledges being its coauthor), the reaction of the other banks was either neutral or negative.

Option Two: Public Offering

The public offering option differs diametrically from the above option. In this case the privatization of all six banks through public offering of their shares is proposed, by means of share-selling techniques previously not used on the Polish capital market. The first such technique is combining several public offerings into one, so as to thus overcome logistical constraints. Another technique is based on restricting the scope of the offering—and hence also its influence on the market—by applying discounts and permitting installment payments. The advantage of this option—in the event that it succeeds—is that it would enable the finance ministry to privatize the banks through a single transaction. But the value of such an offering, assuming that 51 percent of shares is offered for sale—would be $295 million according to the report's authors. In 1993 sales of banks yielded about $138 million; in 1994, about $127 million, and since the beginning of this year about $167 million ($150 million for PBH and $17 million for PBR). The difficulties encountered in the public offerings of these two banks, linked to the need to provide appropriate guarantees, point to the limited capacity of the [domestic capital] market, and especially to the overrepresentation of the banking sector on the stock market. This may result in a downswing in the quotations of bank shares and thus seriously limit the ability of the banking sector to obtain additional capital. That would complicate enhancing the sector's capitalization, which would conflict with the ministry's objectives.

The Multistage Option

Rothschild and Access prefer the third, multistage option. Under this option, the Ministry of Finance would establish a lucid, definitive, three-stage process contained within a rigid time frame. During the first stage the banks should be allowed freedom in negotiating reciprocal consolidation agreements or choosing the strategic investor. It would also be possible to combine both these approaches in a manner suiting best the preferences and strategic plans of the banks themselves. The ministry would determine definite procedural rules defining the scope of powers of the boards of governors and supervising councils of the banks, along with a timetable and preferred solutions.

During the second stage, the banks which succeeded in reaching an agreement with a strategic investor or an agreement for consolidation will be able to finalize this process. At the same time, the ministry would publicly auction substantial minority blocks of shares in the banks which failed to achieve satisfactorily the objectives of the first stage. The banks that will be sold to a single investor could be previously grouped within a holding company whose shares would be owned, in appropriate proportions, by the Treasury and the winning bidder.

The third stage presupposes the transfer of the banks that had not been sold during the second stage to the Mass Privatization Program or, should this prove impossible, their liquidation or forced mergers. In the opinion of Rothschild and Access, the [threat] of inclusion in the Mass Privatization Program would be a strong incentive for the banks' boards of governors to choose one of the alternative paths proposed earlier by the Ministry of Finance. The eventuality of liquidation should not be, in the opinion of the report's authors, viewed as an alternative solution.

The Advantages

The principal merit of the multistage option is that it would meet the deadline for privatization. At the same time, it presupposes a flexible time frame within which shifting particular deadlines would not affect the overall process adversely and instead it would serve to extend the deadlines for stages 1 and 2. This strategy is applicable to either four or five banks, depending on the decision as to the future of Pomorski Bank Kredytowy and on whether the individual offering will instead be extended to another bank in the group of four. This option is designed to be the least dependent on actual market conditions. Should the Ministry of Finance settle upon this option within the next two or three months, the announcement of such a decision would be certain to have a positive impact on stock-exchange quotations of bank shares. This would also promote the success of the offering by Bank Gdanski.

The Disadvantages

One disadvantage of the proposed solution is its irreversibility. Once the concerned banks are correspondingly notified, the privatization strategy cannot be changed without risking loss of credibility. Thus if market conditions improve markedly during, e.g., the year ahead, the ministry should not grant permits for public

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offerings to the banks which had failed the objectives of the first and perhaps also the second stages. That would probably trigger a wave of criticisms from other banks that would at that time be engaging in negotiations with strategic investors.

Rothschild and Access evaluated on a three-point scale the extent to which each of the three options meets the objectives of the finance ministry. Allowance was made for on-schedule privatization, improvements in banking efficiency, consolidation, and optimization of revenues. The consolidation option proved to rank at the bottom of this scale and the multistage option at its top; hence, the report's authors recommend the latter option to the finance ministry.

3-Stage Privatization Recommended

95EP0150A Warsaw NOWA EUROPA in Polish 22 Jun 95 p 1

[Article by Zbigniew Maciag: "The Multistage Variant: Foreign Experts on the Bank Privatization Strategy"]

[FBIS Translated Text] Poland has pledged itself to privatize by the end of 1996 nine banks isolated from the NBP [National Bank of Poland in 1989. Three of these banks, the WBK [Wielkopolski Bank Kredytowy], the BSK [Bank Slaski in Katowice], and the BPH [Bank Przemyslowo-Handlowy], have already been privatized. Two more, Bank Gdanski and Powszechny Bank Kredytowy, are preparing to be privatized. The last four—Bank Zachodni, Pomorski Bank Kredytowy, Powszechny Bank Gospodarczy, and Bank Depozytowo-Kredytowy—have been ineffectively working for the last few months on a model of their consolidation.

The first to be privatized should be Bank Zachodni, Pomorski Bank Kredytowy, Powszechny Bank Gospodarczy, and Bank Depozytowo-Kredytowy, whereupon their consolidation should be permitted. However, the model of consolidation offered by that "Foursome" cannot be accomplished before the end of 1996.

This also was the conclusion reached by N.M. Rothschild and Sons, Ltd., and Access, Ltd., the authors of the report, "A Bank Privatization Strategy," prepared for the Polish Ministry of Finance and the British Know How Fund.

Despite this conclusion, the foreign experts presented three options combining variously the elements of consolidation before privatization and vice versa. The first option, consolidation, presupposes the formation of a holding company by the finance ministry, with the Treasury contributing 100 percent of shares in the four banks, to be followed by having a strategic partner join that company. The second option, a public offering, presupposes privatizing all six banks (including also Bank Gdanski and Pomorski Bank Kredytowy) through public trading in their shares, on employing sales techniques which are novel to the Polish capital market. this concerns merging several public offerings into one and limiting the scope of the offering (and hence also its effect on the capital market) by applying discounts and installment payments. The third, multistage option, the one recommended by the foreign experts, would consist of three stages. During the first stage the banks would have freedom to negotiate reciprocal mergers or to choose the strategic investor. During the second stage the finance ministry would announce the simultaneous auctioning of sizable blocks of minority shares in the banks which failed to accomplish the objectives of the first stage. The last, third stage presupposes either the transfer of the banks which remained unsold during the second stage to the Mass Privatization Program or their liquidation or forced mergers. NOWA EUROPA has unofficially learned that the finance ministry may be inclined to incorporate such banks in the newly planned pension and recompensation funds. Generally speaking, the four banks responded positively to the multistage option, because that enables them to become privatized in accord with their preferences.

Rothschild and Access emphasize that bank privatization may be completed in 1996 in accordance with international obligations. This deadline was agreed upon with the countries which offered $600 million to the Polish Bank Privatization Fund. This will happen if the finance ministry guides this process in a resolute and proactive manner, on utilizing suitable incentives and instruments for this purpose. At the same time, the ministry should avoid authoritarian decisions.

Experts view the concept of privatizing Bank Gdanski as realistic. Recent reports on considerable losses sustained by certain branches of Pomorski Bank Kredytowy raise doubts as to the quality of internal audits at that bank. Hence the choice of a particular option for that bank will have yet to wait.

This report should enable the Ministry of Finance to select the most advantageous method for privatizing several banks. However, its authors have not avoided a certain duality of views. On the one hand, they urge the finance ministry to act resolutely and decisively on this matter, but on the other, irrespective of the ministry's functions as the owner, they advise against its taking authoritarian decisions. These two attitudes will be hard to reconcile.

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Second Stage of Privatization To Begin on 1 Oct

AU2809163295 Bucharest VOCEA ROMANIEI in Romanian 22 Sep 95 p 2

[Interview with Prime Minister Nicolae Vacaroiu by unidentified reporters in Bucharest at the end of the teleconference with county prefects on 20 September: "The Privatization Coupons Cannot Be Transferred to Others"]

[FBIS Translated Excerpt] [VOCEA ROMANEI] Mr. Prime Minister, the first stage of the privatization process is coming to an end. You asked the prefects to conclude this stage next week, by Tuesday or Wednesday [26 or 27 September]. On what did you rely when you asked for this?

[Vacaroiu] The data available to us thus far indicates that some 76 percent of all nominal privatization coupons have already been distributed to the citizens. We are now in a peak period. The current timetable stipulates that the coupon distribution should be concluded by the end of this month. Since there are still some 10 counties with lags in this respect, we asked the respective local bodies to speed up this process and revise the working schedules of the local post office branches, so as to conclude the entire procedure by 25-26 September, something which is within the realm of the possible. As of 1 October, we will proceed with the second stage, which is very important, since the citizens will then present their options for the companies in which they want to participate, both with privatization voucher booklets [issued, during the 1991 privatization drive, by the Petre Roman government] and with nominal privatization coupons.

[VOCEA ROMANEI] The second stage is much more complex, primarily for the public servants, who will have to make the inventory of millions of shares. I understand that you have prepared the methodological norms which will be approved by the cabinet at its meeting next Friday [22 September].

[Vacaroiu] Yes, we had a first exchange of views on this matter during the 19 September cabinet meeting. [passage omitted] These norms will be approved at the next cabinet meeting and will be made public. Of course, aside from that, we will have to train our personnel in the headquarters as well as in the territory. We will also prepare a simplified guide for the citizens to learn how to proceed with the presentation of their options. [passage omitted] We will start this process of instruction through all the means available to us—television, radio, and the written press—particularly at the local level. If need be, we will set up additional teams in the territory, so that the citizens can learn fast, let's say in October, about the entire operation. [passage omitted]

[VOCEA ROMANEI] A phenomenon, which we are sure is known to you, has been spreading of late, namely, the citizens are selling their coupons. Do you plan to take some measures in this respect?

[Vacaroiu] There can be no talk of a phenomenon as such; I am sure this is an exaggeration. There are certain situations whereby the citizens have transferred their nominal coupons to others. First of all, I would like to say that this is an illegal action, both for the buyer and for the seller. Why? Because the coupons are nominal. Those who bought them have ignored certain criteria established by the norms, which will be published next week. These norms will practically annihilate the entire sale-purchase transaction. [passage omitted] Each citizen must put his signature on the coupon's back, otherwise, he will not receive his options at the respective center. Each citizen must individually complete the application, through which he subscribes for a given company. Please note that there are many elements and criteria that should be observed. Failure to observe the respective norms entails the cancellation of the subscription rights for citizens using coupons purchased from others.

[VOCEA ROMANEI] How do you assess the future course of the privatization process?

[Vacaroiu] We took all necessary steps for this process to develop in appropriate conditions. As you noted, the first stage will conclude in time. For the second stage, namely the option subscriptions, we have adopted measures and norms to facilitate the conclusion of this process on time. We also have a third stage, after 31 December, for those who had not deposited their coupons with a company of their choice or who could not make up their minds. They will have the latitude of signing up with one of the five private property funds.

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Importance of Russian Finance Minister's Visit

AU2809140395 Ljubljana Radio Slovenia Network in Slovene 0600 GMT 28 Sep 95

[FBIS Translated Text] Russian Finance Minister Vladimir Panskov is arriving for a three-day official visit to Slovenia today. He will hold talks with his Slovene counterpart, Mitja Gaspari, and the countries are also expected to sign an agreement on the prevention of double taxation. Our Moscow correspondent, Miha Lampreht, outlines the significance of the visit:

[Begin recording] The motif of the first-ever visit by a Russian finance minister to Slovenia could be divided into three mutually, logically connected segments. The announced signing of a long-awaited agreement on the prevention of double taxation, which several important European countries have already signed with Russia, is definitely of chief importance for bilateral economic relations. By this, the Slovene exporters on the Russian market will gain a more favorable status than they would have enjoyed otherwise, and the legal regime of trade and economic cooperation will gain a more solid basis. For us, this agreement becomes even more important in light of the fact that trade with Russia amounts to 4 percent of Slovene exports, while Slovenia represent a mere 0.4 percent of Russia's total trade with the world.

The next issue on the agenda of the talks of Minister Panskov with the hosts in Ljubljana concerns the succession, that is, the outstanding debts of the former Soviet Union to the former Yugoslavia. The Russian stance is of great importance. It is also contained in the bilateral protocol, namely, that Russia as the legal successor of the Soviet Union did not and will not alter the debt—that is, the state of accounts of the former Soviet Union toward the deceased Yugoslavia—unilaterally. In other words, this means that Slovenia protected its share of the former joint assets in the former Soviet Union, which originated from the succession, or in other words still, that Moscow is merely willing to recognize the political succession of Belgrade, but by no means also the succession of assets.

Russia emphasizes that it is willing to negotiate on the repayment of debts; however, only when the issue of the division of assets is finally resolved, that is, when the former Yugoslav republics agree on this. The visit of Finance Minister Panskov means a direct confirmation that Russia is willing to hold consultations on the settlement of clearing and convertible currency debts with Slovenia now. Among other things, there is a possibility of transforming debts into joint investments, be it the realm of energy resources or conversion.

Finally, the visit of the chief Russian financier also has political weight. This is the highest level Russian visit of any sort to Slovenia this year. Regardless of Slovenia's snubbing, ignorance, or lack of desire to cooperate with the mega-Russian market—treated seriously by countries that are a lot more important and economically developed than ourselves—we should not forget that Russia, whatever it may be, is still willing to cooperate with us and sees us as a reliable partner in Europe. [end recording]

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Federal

Government Supports New York Peace Agreement

LD2809164295 Belgrade TANJUG Domestic Service in Serbo-Croatian 1546 GMT 28 Sep 95

[FBIS Translated Text] Belgrade, 28 Sep (TANJUG)—The Yugoslav Government today extended its full support for the New York agreement on the basic principles of a constitutional system in Bosnia-Herzegovina and said that the lifting of the sanctions against the Federal Republic of Yugoslavia was an inseparable part of the peace process.

The agreement is in accordance with the strategic goals of the federal government and its policy on the global aspects of the crisis in the former Yugoslav republic [Bosnia-Herzegovina], the Yugoslav Government said after discussing current issues regarding the peace process in the former Yugoslav republic of Bosnia-Herzegovina.

The agreement in New York is a major step towards strengthening the peace process, the basis of which was laid down at a ministerial conference in Geneva. The agreement envisages recognition of the Serb Republic as an equal political entity in Bosnia-Herzegovina with the same rights which have been recognized for the Croat-Muslim federation.

The cessation of hostilities represents an absolute condition for the successful continuation and ending of the peace process. The federal government believes that it is very important to continue, without delay, the intensive negotiations on outstanding unresolved problems.

The Federal Republic of Yugoslavia will, as it has until now, focus its greatest efforts on achieving further progress in the talks so that over the coming weeks the necessary conditions might be fulfilled to successfully bring to an end the negotiating process and hold an international conference at the highest level.

The federal government states that the FRY has been accepted by the international community as a vital factor of peace, security, and cooperation in the region and that its standpoints are of crucial importance for the overcoming of the crisis in the area of the former Yugoslavia.

The federal government believes that the urgent lifting of the sanctions is a vital part of the current peace process, without which the peace process cannot be successfully concluded. Any further implementation of the UN Security Council sanctions against the FRY is unfounded and counterproductive.

The federal government believes that the agreement reached in New York is an important step forward in the negotiating process, so it requests from the all the sides involved to invest the maximum effort to ensure a speedy and definitive victory of peace. The FRY will continue giving its full contribution in that direction, it is said at the end of the federal government's statement.

Djukanovic, JUL Openly Exchange Accusations

AU2809154095 Belgrade NASA BORBA (supplement) in Serbo-Croatian 23-25 Sep 95 p 6

[Commentary by Jovan Radovanovic: "Enfant Terrible"]

[FBIS Translated Text] When Dr. Mira Markovic said at the promotional rally of the Yugoslav United Left [(JUL] in a spacious hall of the Serbian National Theater in Novi Sad in the middle of last week that "an undercover smuggler, employed as a prominent politician and member of a party of left orientation, has stated recently that JUL championed superseded ideas," many wondered whom the president of the JUL Directorate had in mind.

The short-lived speculations and identifications on the following day were cut short most directly by Ratko Krsmanovic, president of the Yugoslav committee of the League of Communists-Movement for Yugoslavia. At a news conference he said that Montenegrin Prime Minister Milo Djukanovic has started "an open battle against the left on Yugoslav soil."

Therefore, this "undercover smuggler, employed as a prominent politician and a member of a party of left orientation" is—Mr. Djukanovic!

According to what has been said in Novi Sad, and later also in the building of the former central committee of the League of Communists, Dr. Djukanovic is not exactly in a good way. Dr. Mira Markovic, among other things said: "He is not the only smuggler who is criticizing the left for being allegedly superseded. There are others who accuse the left of the same in the hope that they will finish it off for sure with this weapon to protect themselves by its liquidation. Namely, they know just as we in the left know, that the left in power removes prominent smugglers from power to the places envisioned for them any civilized society." No joke.

Her party buddy Krsmanovic "peppered" it to the Montenegrin prime minister by saying: "I would like to emphasize with full responsibility that nobody since King Nikola onward has ruled Montenegro with more might and power than Milo Djukanovic."

So how did Mr. Milo Djukanovic manage to tread "on the toes" of the United Left?

A week earlier (15 September), NIN published a longish interview with the Montenegrin prime minister in which

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he explained in great detail the Montenegrin model of privatization, spoke about the relations of the two federal units in the FRY, the differences between Serbia and Montenegro, and also aired very openly his views about JUL....

Explaining that he was "a leftist at heart" he also said the following: "My 'leftism' is not compatible with the ideas of JUL because JUL advocates an ideologically retrograde and abstract society which does not care about economic preconditions for the implementation of its program. To some this perhaps sounds like a sweet and compelling story; however, since it is a failed one, it resembles more an ugly and wasted dream to me."

Asked to assess the future of JUL, Djukanovic says in NIN: "JUL is not backed by electoral results and lacks verification of the electorate, yet it has authority and power. Not in Montenegro, of course, where power is obtained through elections. For that reason JUL has no legitimacy in Montenegro that could agitate us seriously for party or competition reasons. Namely, JUL is a product of aggressive media promotion and the authority voluntarily ceded to it by the Socialist Party of Serbia [SPS]. The future of JUL thus depends on the party in power in Serbia. If JUL continues to rely on the electoral results and the infrastructure of the SPS and share the unearned authority, it will have considerable influence in the future. However, if SPS clearly defines JUL as 'competition' to itself then JUL will become a marginal subject altogether."

Therefore, this explains why Mr. Djukanovic provoked such a rage and condemnation from the tribunes of JUL. Many, though, see the old and concealed clashes between the Serbian and the Montenegrin leaderships behind all this, and even the stories which have long circulated in the political circles alleging that according to a mutual "working assignment" of the leading Montenegrins, Momir Bulatovic was in charge of "soothing" the relations with Serbia while Djukanovic was in charge of "agitating" them from time to time. There were even remarks that the Montenegrin prime minister in his views verged toward "the Greens," that is, the champions of the independent Montenegro in relations with Serbia, or even that he often flirted with "the separatist views" of the Liberal Alliance of Montenegro in private circles. He, of course, denied such stories on numerous occasions; however, they did not lose in intensity.

Many view this latest "head-on" collision of JUL leaders with Djukanovic from the perspective of future relations within the federation, that is, in continued strengthening of Serbia's primacy, if not formally then at least in reality.

The attack by leader of the Montenegrin Radicals Acin Visnjic, who has already spent several months in jail for insulting Bulatovic and Djukanovic, at the 21 September meeting in Belgrade also provided an interesting tidbit: "Your head will roll, Djukanovic, if you go to Washington to hand the celebrated Montenegro over to the Western monster. Njegos's devotees—the Serbian Radicals—will get you!"

To recap, Visnjic previously earned prison by fiercely accusing Djukanovic of smuggling and illegal deals that allegedly made him rich, and by proclaiming him to be "the biggest Montenegrin mafioso."

Djukanovic says in NIN that there cannot be "any obvious link" between the diaries of Dr. Mira Markovic in DUGA and the political scene in Montenegro. A persistent reporter asks: And if there is? Djukanovic replies: "Impossible."

Because this is a country of all possible incredulities, it can nevertheless happen that in one of the future diaries by Dr. Markovic we will read about the fate of "an undercover smuggler employed in a prominent political function." A small problem is that these diaries no longer exist now.

Perisic, Russia's Zhurbenko Foresee Cooperation

LD2909134895 Belgrade TANJUG Domestic Service in Serbo-Croatian 1254 GMT 29 Sep 95

[FBIS Translated Text] Belgrade, 29 Sep (TANJUG)—Colonel General Momcilo Perisic, chief of the Yugoslav Army General Staff, and his aides today received a delegation of the Russian Defense Ministry headed by Colonel General Vladimir Mikhaylovich Zhurbenko, first deputy chief of the Russian Army General Staff.

As the information service of the Yugoslav Army General Staff reports, during the talks General Perisic acquainted the Russian military delegation with the current military and political situation in the area of the former Yugoslavia.

General Perisic and Zhurbenko express satisfaction with today's meeting as they expect the cooperation between the Yugoslav Army and the Russian Army to intensify and diversify.

Army Wants Peace; Ready To Defend Country

LD2909123395 Belgrade TANJUG in English 1220 GMT 29 Sep 95

[FBIS Transcribed Text] Podgorica, Sept. 29 (TANJUG)—Chief of the Yugoslav Army General Staff Col.-Gen. Momcilo Perisic said the Yugoslav Army wanted peace but was ready to defend the country's territorial integrity and sovereignty.

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Speaking in an interview published by the Podgorica paper POLIS on Friday, Perisic referred to some geo-strategic changes in the territory of the former Yugoslavia.

'Without Western help and assistance, Croatia is not and could not be a threat to the Federal Republic of Yugoslavia,' he said.

Perisic said Croatia would never grow into a regional power, and added that it would not be a good thing for it to continue its present conduct because 'those defended by others may live to a grim future.'

'The quick fall of the Republic of Serb Krajina was primarily the result of its overall exhaustion, rather than of Croatia's strength and ability,' said Perisic.

He said Croatia had been preparing for the action for four years, adjusting its entire state organization and preparing international factors, while Serbs had in the meantime spent their energy and time on other matters.

The Yugoslav Army has no fear of a breakup of the country, Perisic said. He added that the Serbian and Montenegrin peoples had great confidence in the Yugoslav Army, as some recent opinion polls had shown.

He said the Army was facing a problem of brain drain, after 29 doctors, 70 masters of science and 299 other holders of university degrees had left the Army.

One of the motives for this, though not the only one, is their economic status, Perisic said.

Army General Observes Exercises in Montenegro

LD2609165595 Belgrade TANJUG Domestic Service in Serbo-Croatian 1409 GMT 26 Sep 95

[FBIS Translated Text] Podgorica, 26 September (TANJUG)—Lt-Colonel-General Bozidar Babic, commander of the Second Army of the Yugoslav Army, accompanied by Colonel Tripko Cecovic, commander of the Podgorica Corps, today toured some of the units taking part in exercises that are taking place over several weeks, and border units along the border with the former Bosnia-Herzegovina.

The information service of the Second Army command stated that, after the inspection of these units, General Babic assessed that the measures taken to secure the part of the state territory of the Federal Republic of Yugoslavia in the zone of responsibility of the Podgorica Corps are being successfully realized.

He also paid tribute to all the troops for their commitment and motivation in carrying out the tasks allocated to them.

Division of SFRY Financial Assets Finalized

95BA0375B Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 11 Sep 95 pp 19-20

[Article by L. L.: "Assets of the SFRJ: Division in Sight"]

[FBIS Translated Text] In the division of the inheritance of the SFRJ, the secessionist republics have shown the greatest interest in the division of its highest quality part—financial assets and property abroad. The greatest support for their efforts has been offered by the USA, i.e., the Administration of the Federal Reserve, which, even before the proclamation of the FRY and the introduction of sanctions, froze funds of the National Bank of Yugoslavia and made only payments to international financial institutions: the International Monetary Fund and the World Bank. The central bank of the USA justified this decision on the basis of the interests of the new states emerging from the soil of the previous one.

During the year, while more or less fruitless discussions were held on a model for the division of the assets of the SFRJ, the United States, with a series of its decisions or with the support of other international and commercial financial institutions, de facto carried out the division of the financial property of the SFRJ. The IMF did this first, with the agreement of the SFRJ (to be sure, it said, in the form of an ultimatum: "If you do not agree, the division will be carried out even without you, in that you will have to apply again for membership in this organization and lose your profit from the sale of gold"). Then the Paris club (a group of creditor nations), with which all the secessionist republics except Bosnia-Herzegovina reached agreement, did it. The completion of negotiations between Slovenia and the committee of commercial creditor banks (the London club) is also in sight. Under this agreement, part of the debt of the former Federation has been allocated.

In an effort to preserve and protect "the property interests of the secessionist republics," the French central bank, in April of this year, proposed to the central banks of the European Union countries that, from the accounts of the NBJ [National Bank of Yugoslavia] in these countries, every payment by order of the NBJ be frozen, including payments of humanitarian imports. The French bank believed that the Yugoslav side was already spending funds that, according to its understanding of the fair division of the property of the SFRJ, belonged to other republics. The majority of central banks did not accept this initiative.

Now, however, an integral part of the package of proposals of the USA, which Richard Holbrooke is offering, is a proposal on the succession of financial assets

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and property of the SFRJ located abroad. According to what has been learned, the division of financial assets (only them, and not fixed assets) has already begun. According to the instructions of some governments to their central banks, a temporary division of assets should be carried out, so that the share of the Federal Republic of Yugoslavia cannot be less than 36 percent. The division has not yet been formalized, but all the necessary documents for its implementation have been prepared. Judging by the percent share cited in the division of assets, the MMF distribution model has been applied (the Federal Republic of Yugoslavia 36.52 percent, Croatia 28.49 percent, Slovenia 16.39 percent, Bosnia-Herzegovina 13.20 percent, Macedonia 5.40 percent.

The basic deficiency of this model is that it takes into account only the economic strength that the individual republics had, and not the net transfers carried out among the former republics through the federal budget and other instruments of monetary and economic policy, which contributed to the economic strength of the individual republics. Some estimates of Yugoslav experts favor a theory about the unequal development of the individual republics, or the flow of assets that led to their faster or slower growth.

All indications are that the division of assets in the MMF represents a precedent for the division of the highest quality part of Yugoslav property. Bilateral talks, and perhaps international disputes, will probably take place regarding the remainder, if interested countries figure that they will gain more than they spend in proving what is whose.

Economists Divided Over Dinar Devaluation

95BA0375C Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 11 Sep 95 p 26

[Unattributed article: "Fear of Swimming"]

[FBIS Translated Text] *Why are policy, the profession, and the science divided on the devaluation. Why do some economists say: neither for nor against devaluation, but for liberalization. Why and who needs a closed socialist state?*

Devaluation—yes or no?

Six months ago the governor of the National Bank of Yugoslavia, Dragoslav Avramovic, and the government of Serbia already differed on this question. And it has already been a year since this question was posed in professional and scientific circles, since it was posed only at that moment when one dinar was no longer worth one mark. On the market, to be sure black, naturally.

Two blocks—The government was long monolithic and rejected every thought of devaluation. The science was somehow also monolithic then: all were for lowering the exchange rate. Well, not really all, but the majority believed the official recognition of actual economic conditions to be an elementary postulate of their specialty. But, when the government divided, a rift in the science developed, and some were for and others against devaluation. This was expressed most evidently in studies that, at about the same time, in the middle of July, appeared in public. The Economic Institute, in a study entitled "Transition, Restructuring, and Measures of Economic Policy Up to the End of 1995," citing arguments both for and against, nevertheless came out against devaluation, and CESMECON, in a somewhat less ambitious work, "Economic Policy for the Second Half of 1995," advocated a "change in the rate of exchange of the dinar to the market level."

In the summer humidity, however, this did not provoke any excitement. Only the return of cool weather and, as gossip has it, with the support by Slobodan Milosevic of the encouraged governor (after several standby months), placed this theme back in orbit. Announcing his "daring economic program" (with privatization as the icing on the cake), mentioned many times, at least on these pages, governor Avramovic said this: "There is no economy in which two prices exist for the same product. Whether goods or foreign exchange is in question. That is our basic problem and we must find a fundamental solution for it."

In a conversation with journalists held just a few days ago, Nebojsa Savic, who, with some of his colleagues from the Economic Institute, enjoys a reputation as adviser to the Serbian government, confirmed his loyalty for the arguments against devaluation.

It also seems to be a stalemate in banking circles. First, on Thursday, 24 August, Zlatan Perucic, director of Beobank, spoke out in favor of devaluation while, on the very next day, also on the pages of POLITIKA, the director of the Commercial Bank, Ljubomir Mihajlovic, was decisively against it. Perucic based his argument mainly on foreign trade movements. Specifically, production, in his words, "is stagnating, or falling this year, primarily because exports have decreased, and because of this imports as well. This is mainly a consequence of an unrealistic official rate of exchange," concluded Perucic, and a policy of a "realistic foreign exchange rate" would have, in his opinion, varied favorable effects. First, that policy would "return exports, imports, and foreign exchange inflows to legal channels"; second, exports would be a powerful stimulus to the growth of production; and, third, exporters would be "stimulated in the market."

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Ljubomir Mihajlovic answered the same question quite differently: "First, why devalue a devalued dinar and, second, why do the government and the central bank support, through devaluation, inflation and further the drop in the value of the dinar?" Specifically, Mihajlovic believes (as do a number of economists, incidentally) that most foreign exchange transactions are at the "black" rate of exchange, and that the value of those at the official rate is negligible, so that, through devaluation, nothing would be gained in that regard. On the other hand, devaluation would push the "negative exchange rate difference" upward and, most importantly, the National Bank does not have adequate foreign exchange reserves to defend that new parity. According to Mihajlovic's calculations, if the new dinar-mark relationship were 3:1, it would be necessary to intervene with 400 million dinars to defend it, and the National Bank does not have that much in reserve.

And, finally, but no less importantly, the government of Serbia, at about the same time, also announced its new measures for the "lasting" stabilization of the situation on the market.

Therefore, the "situation is intensifying," as that KGB member from the "crown's witness" [as published] Peter Bac would say, and people are asking more often "when the devaluation will be." Therefore, in the wish to clarify this problem in the best possible way, EKONOMSKA POLITIKA has decided to yield its pages to both sides. Danijel Cveticanin, professor of the Belgrade Economic Faculty and associate of the Economic Institute, will represent opponents of devaluation, and Pavle Petrovic, also a professor in the Belgrade Economic Faculty and one of the leading people, a private one, incidentally, in the CESMECON scientific institute, will represent proponents. In this way everyone will be able to draw his own conclusions.

There is some secret connection—However, if newspapers and journalists are permitted to conclude, then we would say that we are nearest the answer that another economist gave us to this question: "I am not for or against devaluation, since I am for liberalization."

Therefore, the market, as the basic regulator of all economic relations and the supreme arbiter for the price of every product, as well as of money, both domestic and foreign; therefore, competition among and equality for all participants in the market contest; therefore, an open economy, an open society.

So the Yugoslav economy resembles a beach on which hundreds of people are jammed, the sun is warm, the water is perfect, but everyone is standing on shore, no one is swimming. However, if you go down a little closer, you see that they are blocked from the water by a fine but strong and thick net, and if you look still closer, you see that a little farther on, in the shade, some men are sitting and distributing permits for bathing. If you would drop by on another day, you would see that the same actors, for the most part, are obtaining those precious papers, although—and you notice this relatively quickly—they are not swimmers. And finally, you realize that they have some more-or-less close and semisecret connection with the sellers of the permits.

Serbia

Deputy Prime Minister Joins New Democracy Party

LD2709125995 Belgrade TANJUG Domestic Service in Serbo-Croatian 1127 GMT 27 Sep 95

[FBIS Translated Excerpt] Belgrade, 27 Sep (TANJUG)—Slobodan Radulovic, deputy Serbian prime minister and C-Market [supermarket chain] managing director, has joined New Democracy, and as of today will discharge the duties of vice chairman of the party. [passage omitted]

Parties Support New York Accord on Bosnia

LD2809231595 Belgrade TANJUG in English 2301 GMT 28 Sep 95

[FBIS Transcribed Text] Belgrade, Sept 28 (TANJUG)—The New York accord on the basic principles for Bosnia-Herzegovina's constitutional organisation has laid the foundation for a cessation of hostilities agreement between the warring parties, a ranking New Democracy party official said on Thursday.

Radivoje Lazarevic, who chairs the party's executive council, told a press conference that the New York accord struck by the foreign ministers of the Federal Republic of Yugoslavia, Croatia and the Muslim government in Sarajevo had created conditions for a territorial division of Bosnia.

Lazarevic, whose party is the coalition partner of the governing Socialist Party of Serbia, said that the Serbs must take care in the division of Bosnia of the compactness [words indistinct] of territory, adding that 'the maps will be the most sensitive issue.'

The international community should now put pressure on the Muslim government in Sarajevo and prevent the continuation of the Muslim-Croat offensive which is the biggest threat to peace, he said.

Lazarevic said it was necessary that the peace process should be accompanied by a negotiation of principles that should govern the economic reconstruction of the war-devastated areas.

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He said that 'the industrialised states should give assistance equally to both entities (in Bosnia-Herzegovina)—the Muslim-Croat Federation and the (Bosnian Serb state) Republika Srpska.'

President of the nonparliamentary League of Communists-movement for Yugoslavia Ratko Krsmanovic said at another press conference that the accord was largely the 'result of the principled peace policy and diplomatic offensive of the Federal Republic of Yugoslavia.'

Krsmanovic strongly condemned the discriminatory position of German Foreign Minister Klaus Kinkel that the international community should not help the reconstruction of the Republika Srpska's part of Bosnia-Herzegovina.

He said that this position of Germany could not but encourage the forces of war and was therefore 'unwise and unacceptable, especially bearing in mind the devastation caused by NATO's criminal bombings.'

Two weeks of NATO's air raids on the Republika Srpska targeted military, industrial and civilian facilities.

The extent of the damage has not been even approximately established.

Republika Srpska army command figures put the civilian casualties in the air strikes at 152 dead and 273 wounded.

Opposition Leaders Criticize New York Accord

AU2709144695 Paris AFP in English
1402 GMT 27 Sep 95

[Report by Milan Dragovic]

[FBIS Transcribed Excerpt] Belgrade, Sept 27 (AFP)—Leaders of the rump Yugoslavia hailed Wednesday [27 September] an accord signed in New York by the warring factions in Bosnia as a key step towards peace in the war-wracked former Yugoslav republic.

But nationalist opposition leaders here warned that the provisions in the accord, agreed to by the foreign ministers of Bosnia, Croatia and rump Yugoslavia Tuesday, would create a sham state which could never survive in the Balkans. [passage omitted]

Central to the agreement will be a democratically-elected parliament with two-thirds of the deputies coming from the Moslem-Croat federation and a third from the Serb Republic. Laws and resolutions will need the support of at least one third of each faction.

But despite the constitutional checks and balances designed to secure a fair peace, nationalist opposition in Belgrade said the accord would never work.

"Such a (Bosnian) state is not possible, it has never existed and cannot exist in the Balkans," ultranationalist leader Vojislav Seselj told AFP.

"The Americans insist on the equality of both entities, but the fact that the Serbs will only get one-third of the parliamentary seats shows clearly that there will be three entities" Moslems, Croats and Serbs, the leader of the Serb Radical Party said.

Slobodan Vuksanovic, a spokesman for the rightist Democratic Party, argued that the agreement would not secure peace.

"The insistance on a unitary state will not guarantee peace," Vuksanovic told AFP. "To reestablish confidence between the warring parties it is vital that the Serb party has the right to confederate with rump Yugoslavia."

Opposition Issues Declaration of National Interest

LD2809172895 Belgrade TANJUG in English
1628 GMT 28 Sep 95

[FBIS Transcribed Text] Belgrade, Sept. 28 (TANJUG)—Four opposition parties in Serbia on Thursday [28 September] presented to the press a declaration by which the setting [word indistinct] a Serb state in the territory with majority Serb population is defined as the state and national interest.

According to the declaration drawn up by the Democratic Party, the Democratic Party of Serbia, the Serbian Liberal Party, the National Party of Congress and the Serbian Committee for the Defence of Rights and Freedoms, this state would be based on the multi-party system.

The aims set in the document are the further democratization of the Serb society and the preservation of what has been left of the western Serb lands. The question of western Slavonija and the Knin Krajina—parts of the Republic of Serb Krajina occupied by Croatia in latest offensives—should persistently be posed in international negotiations.

Democratic Party President Zoran Djindjic said the declaration represents a clearly defined platform whom which the signatories will act and noted that all parties and individuals who agree with the stated aims can accept it.

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Pesic: SPS, JUL 'Think the People Are Fools'

AU2809163995 Belgrade NASA BORBA in Serbo-Croatian 28 Sep 95 p 5

[Article by I.K.: "Civic Alliance of Serbia Will Not Join Government Because There Are No Changes in Serbia"]

[FBIS Translated Text] Dr. Vesna Pesic, leader of the Civic Alliance of Serbia [GSS], said at a news conference yesterday that her party has no intention of joining a coalition government with the ruling party because there have been no changes in Serbian internal policy. "The strangulation of the media continues, the Soros Foundation, which has greatly helped Serbia, has still not been registered, and there are no signs that television coverage of assembly meetings will resume. There is no reason to expect the authorities to change," Dr. Pesic said.

Speaking about the case of the program entitled "NTV [Independent Television] Package on War and Peace" on Studio B Television being called off after the Serbian Renewal Movement had refused to take part in it, and in which representatives of the ruling party (who also declined) were expected to appear, as well as opposition parties including the GSS, Dr. Pesic pointed out that the GSS would never have refused such a thing and that the party has no fear of dialogue, particularly not on this topic.

"If it is true that Serbian President's son Marko Milosevic has rented a house in Athens for 150,000 German marks," Dr. Pesic said, "there should be a greater fuss made in the media." "The gentlemen in power, the Socialist Party of Serbia and its satellite JUL [Yugoslav United Left], think that the people are fools. They first inflate nationalism and then talk about equality and left-wing policy. JUL holds mafia firms. Instead of investing in factories, they are stuffing money into their own pockets and are lying to us about leftism and egalitarianism," Dr. Pesic commented on the report on Marko Milosevic's rented house.

Sandzak SDA: Situation 'Deteriorating Daily'

AU2809182695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 28 Sep 95

[FBIS Translated Text] A regular press conference of the Party of Democratic Action [SDA] for Sandzak has been held in Novi Pazar, at which party representatives spoke about the current political situation in Sandzak and the Belgrade regime's ongoing, destructive activities aimed at eliminating institutions and the legitimate leadership of the Sandzak Bosniaks.

Journalists were informed about the detention and harassment of Sandzak SDA leaders, among them Usnija Biforac, a member of the party's Steering Committee. The press conference reiterated that the situation in Sandzak was deteriorating daily. In addition to police terror, the Bosniak-Muslim people are also under economic blockade, reports the information center of the Muslim National Council of Sandzak.

Kosovo

Rugova Welcomes Peace Agreement on Bosnia

LD2809200395 Belgrade SRNA in Serbo-Croatian 1852 GMT 28 Sep 95

[FBIS Translated Text] Pristina, 28 Sep (SRNA)—Ibrahim Rugova, leader of the Kosovo Albanians, has welcomed the "signing of the agreement on Bosnia" in New York, BETA reports.

"This is a significant agreement," Rugova said and added that this is "the first step towards the global resolution of the crisis in the former Yugoslavia."

Rugova praised the personal commitment of U.S. President Bill Clinton, Secretary of State Warren Christopher, and special envoy Richard Holbrooke and he noted their determination to implement the agreement.

This agreement is important for the resolution of the crisis in the former Yugoslavia, but also in the Balkans, Rugova said at the end.

Rugova on Serb 'Efforts To Colonize' Republic

AU2909092595 Pristina KOSOVA DAILY REPORT in English 27 Sep 95

[FBIS Transcribed Text] President of the Republic of Kosova Dr. Ibrahim Rugova received on 27 September in Prishtina [Pristina] Mr. Ivor Robert, charge d'affaires of the British Embassy in Belgrade. Dr. Ibrahim Rugova informed the British diplomat about the situation in Kosova amidst the unabated Serbian regime's systematic repression. He spoke also about Serbia's efforts to colonize Kosova by resettling Serb refugees from Croatia and other parts of former Yugoslavia to Kosova. Permanent settlement of Serb refugees to Kosova aggravates further the already tense situation, President Rugova said, adding that the Serbian regime drive has not been aimed at addressing a humanitarian issue but rather carry out the forceful change of ethnic distribution in Kosova to the determent of Albanians and in favor of Slavic population. An independent and neutral Kosova, open to both Albania and Kosova, is the framework which should provide the best solution, for it emanates from the will of the people, expressed in a democratic plebiscite, president of the Republic of Kosova said.

Dr. Ibrahim Rugova renewed his demand for the placement of Kosova under a temporary international civil

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administration, which would facilitate a negotiated and lasting solution to the Kosova question. The British envoy to Belgrade, Mr. Ivor Robert, said his country followed the situation in Kosova closely, adding that a peaceful and negotiated settlement to the Kosova issue should be pursued. President Rugova and the British diplomat exchanged views on other issues concerning Kosova and the region.

President of the Republic of Kosova Dr. Ibrahim Rugova received on 26 September in Prishtina Mr. Trond Olsen Naess, first secretary of the Norwegian Embassy, and Mr. Arne Malmgren, second secretary of the Swedish Embassy in Belgrade. President Rugova briefed the diplomatic representatives on the situation in Kosova. The Serbian regime has been further exacerbating the situation in Kosova, already imbued with daily based repression, with its campaign of settling Serb refugees here, Dr. Ibrahim Rugova said. The Kosova leadership regards the settlement of Serb refugees as an attempt on behalf of the Serbian regime to colonize Kosova, for their plight has not been treated as a humanitarian but rather as a political/colonizing issue.

Reaffirming that an independent and neutral Kosova is the best solution to the problem, President Rugova of Kosova said an interim international civil administration over Kosova would facilitate a negotiated and political settlement to the Kosova issue, based on the democratically expressed will of the people for independence. The representatives of the Norwegian and Swiss embassies, respectively, said they were following the situation in Kosova closely.

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